

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

S. 1621—ADJUSTMENT OF DEBTS
S. 1757—INSPECTION OF AGRICULTURAL COMMODITIES
S. 2098—EXTENSION SERVICE APPROPRIATIONS



HEARINGS
BEFORE THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
EIGHTY-FOURTH CONGRESS
FIRST SESSION

JULY 27, 1955

Printed for the use of the Committee on Agriculture

Serial 0



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1955

COMMITTEE ON AGRICULTURE

HAROLD D. COOLEY, North Carolina, *Chairman*
W. R. POAGE, Texas, *Vice Chairman*

GEORGE M. GRANT, Alabama
E. C. GATHINGS, Arkansas
JOHN L. McMILLAN, South Carolina
THOMAS G. ABERNETHY, Mississippi
CARL ALBERT, Oklahoma
WATKINS M. ABBITT, Virginia
JAMES G. POLK, Ohio
CLARK W. THOMPSON, Texas
PAUL C. JONES, Missouri
JOHN C. WATTS, Kentucky
HARLAN HAGEN, California
LESTER R. JOHNSON, Wisconsin
VICTOR L. ANFUSO, New York
ROSS BASS, Tennessee
COYA KNUTSON, Minnesota
W. PAT JENNINGS, Virginia
D. R. (BILLY) MATTHEWS, Florida

CLIFFORD R. HOPE, Kansas
AUGUST H. ANDRESEN, Minnesota
WILLIAM S. HILL, Colorado
CHARLES B. HOEVEN, Iowa
SID SIMPSON, Illinois
PAUL B. DAGUE, Pennsylvania
RALPH HARVEY, Indiana
HAROLD O. LOVRE, South Dakota
PAGE BELCHER, Oklahoma
CLIFFORD G. MCINTIRE, Maine
WILLIAM R. WILLIAMS, New York
KARL C. KING, Pennsylvania
ROBERT D. HARRISON, Nebraska
MELVIN R. LAIRD, Wisconsin
HENRY ALDOUS DIXON, Utah

DELEGATES

E. L. BARTLETT, Alaska
MRS. JOSEPH R. FARRINGTON, Hawaii

RESIDENT COMMISSIONER

A. FERNÓS-ISERN, Puerto Rico

Mrs. MABEL C. DOWNEY, *Clerk*
GEO. L. REID, Jr., *Assistant Clerk*
JOHN J. HEIMBURGER, *Counsel*
FRANCIS M. LEMAY, *Consultant*

CONTENTS

S. 1621—ADJUSTMENT OF DEBTS

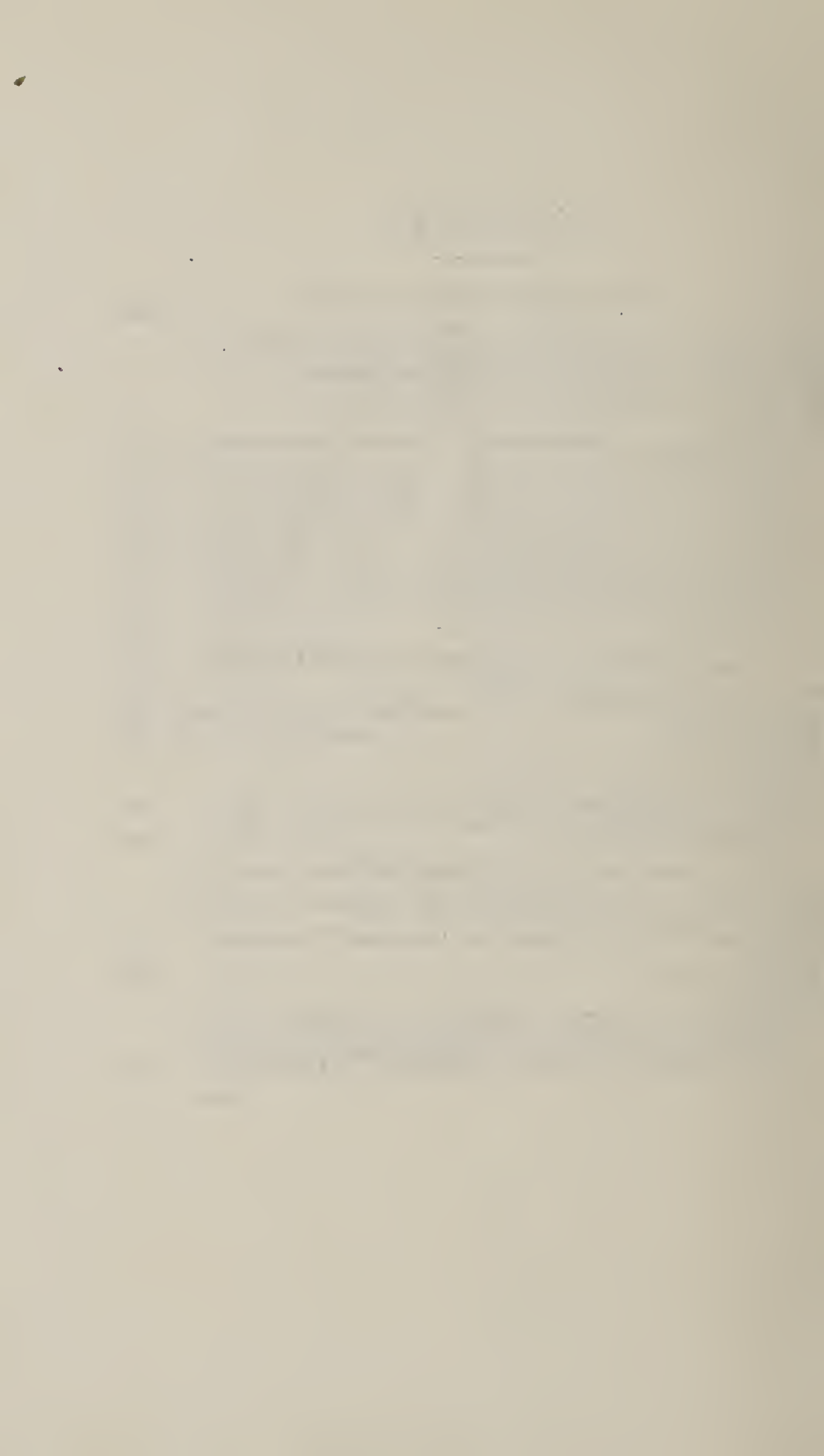
	Page
S. 1621, a bill to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed or subject to the act of August 11, 1939, as amended, and for other purposes-----	1
Senate Report No. 1042: Adjustment of Debts-----	1
Departmental views-----	2
Statement of—	
Berry, Hon. E. Y., a Representative in Congress from the State of South Dakota-----	19
Case, Hon. Francis, a United States Senator from the State of South Dakota-----	9
Dominy, Floyd E., Chief, Division of Irrigation, Bureau of Reclamation-----	25
McLeaish, R. B., Administrator, Farmers' Home Administration, United States Department of Agriculture, accompanied by Henry C. Smith, Deputy Administrator, and Joseph C. York-----	4
Mundt, Hon. Karl E., a United States Senator from the State of South Dakota-----	19

S. 2098—EXTENSION SERVICE APPROPRIATIONS

S. 2098, an act to amend Public Law 83, 83d Congress-----	27
Senate Report No. 558: Extension Service Appropriations for Low-Income Farmers' Program-----	27
Departmental views-----	28
Statement of—	
Ferguson, Clarence M., Administrator, Federal Extension Service, United States Department of Agriculture-----	31
Scruben, L. M., Assistant Administrator, Federal Extension Service, Department of Agriculture-----	29

S. 1757—INSPECTION OF AGRICULTURAL COMMODITIES

S. 1757, an Act to amend the act known as the "Agricultural Marketing Act of 1946," approved March 14, 1946-----	43
Senate Report No. 562: Inspection of Agricultural Commodities—	
Penalties-----	43
Departmental views-----	45
Statement of—	
Lennartson, Roy W., Deputy Administrator for Marketing Service, Agricultural Marketing Service, accompanied by Clarence E. Girard, Office of the General Counsel; and Nathan Koenig, Special Assistant to the Administrator, United States Department of Agriculture----	47



S. 1621—ADJUSTMENT OF DEBTS

WEDNESDAY, JULY 27, 1955

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met at 10 a. m., in room 1310, New House Office Building, Hon. W. R. Poage presiding.

Present: Representatives Poage, Grant, Gathings, Abernethy, Thompson, Jones, Hagen, Knutson, Jennings, Matthews, Andresen, Hoeven, Dague, Harvey, Lovre, Belcher, McIntire, Williams, King, and Dixon.

Delegate Fernós-Isern.

Mr. POAGE. The committee will please come to order.

I believe we will first take up S. 1621, a copy of which will be placed in the record at this point.

(S. 1621 follows:)

[S. 1621, 84th Cong., 1st sess.]

A BILL To authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed or subject to the Act of August 11, 1939, as amended, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of sections 41 (g), 43, and 51 of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1015 (g), 1017, and 1025), are hereby extended to apply on the obligations of settlers on projects developed under the Act of August 11, 1939, as amended (16 U. S. C. 590y-z), or similar projects under the water conservation and use item of the Department of the Interior Appropriation Act, 1940, as amended (53 Stat. 719), of the type incurred in accordance with section 5 of said Act (16 U. S. C. 590z-3), or other obligations to or administered by the Secretary of Agriculture incurred in connection with the development or operation of the project unit, and the Secretary is authorized to make such additional adjustments in the terms and conditions and amounts of any such obligations of such persons or in the price at which project units are sold to settlers as may be reasonably necessary to permit such persons to acquire, develop, and establish successful farming operations on their farm units and repay such adjusted obligations.

[S. Rept. No. 1042, 84th Cong., 1st sess.]

ADJUSTMENT OF DEBTS

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1621) to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed or subject to the act of August 11, 1939, as amended, and for other purposes, having considered the same, report thereon with a recommendation that it do pass without amendment.

S. 1621 would authorize the Secretary of Agriculture to compromise and adjust debts of settlers on water conservation and utilization projects developed under the Wheeler Case Act, as amended. This authority is already being exercised by the Secretary with respect to loans for land purchase or improvement made under the Bankhead-Jones Farm Tenant Act. As noted in the report below from the Department of Agriculture, the financial difficulties in which some of these settlers find themselves are often not subject to their control. The report from the Department of the Interior is also attached as a part of this report.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., July 1, 1955.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request for a report on S. 1621, a bill to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed under or subject to the act of August 11, 1939, as amended, and for other purposes.

We recommend enactment of the bill.

The bill would extend to projects developed under the authorities of the act of August 11, 1939, the provisions of sections 41 (g), 43, and 51 of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1015 (g), 1017, and 1025), which sections authorize debtors to be released of liability for their debts under certain conditions. The bill also would authorize the Secretary of Agriculture to make adjustments in the terms, conditions, and amounts of obligations incurred in connection with the development or operation of a project unit, or in the price at which units on such projects are sold to settlers as may be reasonably necessary to permit such settlers to acquire, develop, and establish successful farming operations on their farm units and to pay any adjusted obligations.

The enactment of this bill is desirable in order that worthy farm families may be granted some relief from the problems and difficulties they are confronted with on these project units. For example, on the Angostura project at Hot Springs, S. Dak., settlers are having difficulty because:

1. Seepage is developing from irrigation canals and the application of irrigation water to the extent that the irrigable crop acreage on some farms is being reduced to the point that a family cannot be reasonably expected to succeed.

2. Due to the semiarid nature of the area and the sandy texture of much of the soil, there is a lack of humus and organic matter. Under such conditions, some farmers cannot obtain profitable yields until the soil has been developed with fertilizers, legumes, green-manure crops, and good tillage practices. The removal of topsoil in land-leveling operations has been an additional cause of low crop yields for the first years of occupancy. For these reasons, many settlers, have lost money on their farming operations during the first years of their occupancy of the units and will fail unless afforded further opportunities to work out of their difficulties.

3. Since the majority of these settlers are young veterans with limited resources, the problem is intensified as they have not been able to provide sufficient funds to supplement the amounts which could be loaned to them under existing authorities of the Farmers' Home Administration to adequately develop their farms. They also have been unable to obtain necessary buildings, particularly livestock shelter, fences, and, in some instances, a habitable dwelling.

The enactment of this bill will not result in additional administrative costs as its administration will be absorbed.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington 25, D. C., July 19, 1955.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate, Washington 25, D. C.

MY DEAR SENATOR ELLENDER: A report has been requested from this Department on S. 1621, a bill to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers of projects developed or subject to the act of August 11, 1939, as amended, and for other purposes.

If enacted, S. 1621 would extend certain provisions of the Bankhead-Jones Farm Tenant Act, as amended, to projects developed under the Wheeler-Case Act (54 Stat. 1119, 16 U. S. C., secs. 590y-z) and the Interior Department Appropriation Act (53 Stat. 685, 719). Under these acts, there is a division of authority between this Department and the Department of Agriculture, this

Department being responsible (to put the matter in general terms) for the engineering aspects of the projects and for negotiation and administration of contracts with organizations of water users for repayment of the reimbursable costs of the project works and the Department of Agriculture being responsible for the land settlement program, the disposition of lands to settlers, and Federal assistance to the settlers by way of loans and the like.

The portions of the Bankhead-Jones Act which would be extended are those which provide for (1) compromising and adjusting claims and modifying the terms of mortgages, leases, contracts, and agreements, (2) expediting the liquidation of projects by the sale of lands, by making loans for the improvement of lands and repair of property, and by disposing of public facilities, and (3) the purchase by the Secretary of Agriculture of foreclosed property, the operation and ultimate disposition of such property, and making advances to preserve the Government's security, liens, and priorities on loans. The operation of the extensions of authority proposed by S. 1621 is expressly limited to those obligations of settlers which run to or are administered by the Secretary of Agriculture. Enactment of the bill would also authorize the Secretary of Agriculture "to make such additional adjustments in the terms and conditions and amounts of any such obligations * * * or in the price at which project units are sold to settlers as may be reasonably necessary to permit such persons to acquire, develop, and establish successful farming operations on their farm units and repay such adjusted obligations."

It appears, from this review of the contents of S. 1621, that its enactment will affect only operations of the Department of Agriculture and that it will not affect repayment obligations of contracting organizations which are administered by the Department of the Interior. In view of this we offer no comment on the bill and advise you that we would have no objection to enactment of the bill.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee.

Sincerely yours,

FRED G. AANDAHL,
Assistant Secretary of the Interior.

The following provisions would be extended to the obligations of settlers on projects developed under the Wheeler-Case Act, as amended, to the Secretary of Agriculture.

BANKHEAD-JONES FARM TENANT ACT, AS AMENDED

SECTION 41 (7 U. S. C. 1015)

* * * * *

"(g) Compromise or adjust claims and adjust and modify the terms of mortgages, leases, contracts and agreements entered into or administered pursuant to sections 1001-1005d, 1007, and 1008-1029 of this title as circumstances may require, in the following manner:

"(1) Compromise of claims of \$10,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General, pursuant to the provisions of section 194 of Title 31;

"(2) Claims of less than \$10,000 may be compromised or may be adjusted or reduced on the basis of a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment; releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of—

"(A) Borrowers who have transferred their farms to other approved applicants under agreements assuming the outstanding indebtedness to the Secretary under sections 1014-1029 of this title; and

"(B) Borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness to the Secretary which is equal to the earning capacity value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"(C) No compromise or adjustment shall be made upon terms more favorable than recommended by the appropriate County Committee established pursuant to section 1016 of this title;

"(3) Any claim of \$100 or less, which has been due and payable for three years or more, and where the debtor has no assets from which the claim could be collected or is deceased and has left no estate, or has been absent from his last known address for a period of at least two years and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided*, That claims of \$10 or less may be canceled and released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical; and

"(4) At the end of each fiscal year the Secretary shall report to Congress the names of all persons against whom claims in excess of \$1,000 have been compromised, the address of such person, the nature of the claim, the amount of the compromise, and the reason therefor."

* * * * *

SECTION 43 (7 U. S. C. 1017)

* * * * *

"The Secretary is authorized to continue to perform such of the functions vested in him pursuant to Executive Order Numbered 7530 of December 31, 1936, as amended by Executive Order Numbered 7557 of February 19, 1937, and pursuant to sections 431-434 of Title 40, as shall be necessary only for the completion and administration of those resettlement projects, rural rehabilitation projects for resettlement purposes, and land development and land utilization projects, for which funds have been allotted by the President, and the balances of funds available to the Secretary for said purposes which are unexpended on June 30, 1937, are authorized to be appropriated to carry out said purposes: *Provided*, That any land held by the United States under the supervision of the Secretary pursuant to said Executive orders may where suitable be utilized for the purposes of sections 1001-1006 of this title, and the Secretary may sell said land and make loans for the necessary improvement thereof to such individuals and upon such terms as shall be in accordance with the provisions of sections 1001-1006 of this title."

* * * * *

SECTION 51 (7 U. S. C. 1025)

"SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to or acquired by the Secretary under this Act, the Act of August 14, 1946, the Act of April 6, 1949, the Act of August 28, 1937, or the item "Loans to Farmers, 1948, Flood Damage" in the Act of June 25, 1948, as those Acts are heretofore or hereafter amended or extended; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act."

STATEMENTS OF R. B. McLEAISH, ADMINISTRATOR, FARMERS' HOME ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY HENRY C. SMITH, DEPUTY ADMINISTRATOR, FARMERS' HOME ADMINISTRATION; AND JOSEPH C. YORK, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. McLEAISH. Mr. Chairman, the Department reported favorably on S. 1621 to the Senate committee. The bill is intended to afford some relief to farmers who have acquired units on soil and water conservation projects developed under or subject to the act of August 11, 1939. There are several of these projects throughout the Midwest, but the Angostura project at Hot Springs, S. Dak., represents the most typical example of the need for this legislation.

Settlers acquiring farms on this project from the Soil Conservation Service have had difficulty with seepage developing from irrigation canals and the actual application of the irrigation water, which has acted to reduce the irrigable crop acreage below the acreage needed to successfully farm the unit and pay off the indebtedness. Some of the units on the Angostura project are not fully developed. The settlers need land development in the form of fertilizers, legumes, and other good soil-building practices. Also, some settlers have not completed the building development of their units and require loans from Farmers' Home Administration for this development work. The Farmers' Home Administration is unable to assist most of these settlers because the amount of the loan needed by the applicant plus the existing indebtedness is in excess of the appraised value of the farm unit.

S. 1621 would permit the scaling down of the indebtedness of these settlers through authorities contained in the Bankhead-Jones Farm Tenant Act so that the settler could be reasonably expected to establish successful farming operations on the farm unit and pay the adjusted indebtedness. The bill would make it possible to release a present settler from liability who may transfer his farm to another individual. The bill would also permit the future sale of units of these projects at reduced prices as may be necessary to permit the settler to establish successful farming operations on the unit and repay his obligations.

Staff members of the Farmers' Home Administration from the State offices and from the National office have investigated thoroughly the situation of settlers on these projects and have established quite conclusively the need for assisting these settlers if they are to succeed. Under an agreement with the Soil Conservation Service, the Farmers' Home Administration has been servicing the sales contracts of these units which have been sold and this bill would permit us to adjust the amount of these contracts as necessary to bring the amount of the remaining indebtedness into line with the anticipated ability of the settler to pay. Our investigation indicates that the immediate need for this legislation is principally confined to the Angostura project in South Dakota, and to the Buffalo Rapids project in Montana.

Mr. POAGE. What you are telling us is that this bill provides that the Government can waive part of a contract price and take less than they agreed to. Is that right?

Mr. McLEAISH. That is about it.

Mr. POAGE. Just so we understand it.

Mr. McLEAISH. The Government would reduce the purchase price of the land. In other words, as an illustration, here is a piece of land that appraises at \$18,000. \$8,000 was allowed for development which was not enough and then the land was sold at \$10,000. The actual amount of money required for buildings, the home, farm buildings, and fencing, et cetera, would amount to \$12,000 or \$13,000, which would get the indebtedness on the land beyond our ability to lend it.

Mr. ANDRESEN. What would be your maximum loan?

Mr. McLEAISH. We can't lend more than the long-term appraised value of the land.

Mr. ANDRESEN. What will it be after this bill passes?

Mr. McLEAISH. Some of these land contracts would be scaled down.

Mr. ANDRESEN. Who would take the loss?

Mr. McLEAISH. The Government would take the loss.

Mr. ANDRESEN. Do you think it is advisable to start people in farming when it is sure to be a loss?

Mr. McLEAISH. The idea here, the question is whether at the outset they were charged too much for the land.

Mr. ANDRESEN. The land was worthless when they bought it, wasn't it?

Mr. McLEAISH. That is a question of judgment.

Mr. POAGE. Who fixed those values when they bought it?

Mr. McLEAISH. They were fixed by the Soil Conservation Service. In other words, the Soil Conservation Service actually sold the land and then turned the notes over to Farmers' Home Administration to collect.

Mr. POAGE. Is this some of that land that was purchased as marginal land?

Mr. McLEAISH. The Case-Wheeler project. Do you know the background of that?

Mr. YORK. It was not part of the submarginal-land-purchase program. It was a Bureau of Reclamation, Soil Conservation Service combined developed under what is known as the Case-Wheeler Act.

Mr. McLEAISH. I would like to explain Mr. York has made a number of trips to these projects and we have him here to answer detailed questions.

Mr. POAGE. We would like to have him answer questions because I do not know the background of this land and I doubt that many of the members of the committee do, and we ought to understand who put these inflated values on this land and why they put them on.

Mr. YORK. The farms have been appraised by the Soil Conservation Service on the basis of their long-time earning capacity. Then the Wheeler-Case Act provided that they needed to recover a certain proportion of the development costs. It is my understanding that they looked at the appraised value and what they had to recover and sort of bargained and said, "well, now, we need to recover so much money from this project in order to meet the requirements of the Case-Wheeler Act. That will allow about \$8,000 for development and we think most of these folks can put the buildings and fences and wells that they need on their farms for about \$8,000."

Mr. POAGE. You are talking about a quarter section?

Mr. YORK. It is variable acreage, mostly an average of 127 acres.

Mr. POAGE. You try to make it come out \$8,000 regardless of acreage?

Mr. YORK. The farms would appraise at \$10,000, we will say. Then they said if we allow \$8,000 for the cost of further development, buildings, fences, and wells, we will sell the farm for \$10,000. Now the place where I understand that the Soil Conservation Service was in the squeeze was the fact that the act required them to recover a certain amount from the project and in order to do that they sort of compromised on this issue of about \$8,000.

At the time they would be doing that our engineer advised them that \$8,000 was not sufficient to put the farms in full development but they went ahead and sold, for example, a farm as Mr. McLeaish said, for \$10,000.

Mr. POAGE. This land didn't have any irrigation on it when the Soil Conservation Service came in possession, did it?

Mr. McLEAISH. The Bureau of Reclamation had developed irrigation projects.

Mr. POAGE. The Reclamation Bureau owned it?

Mr. McLEAISH. The Reclamation was on the land and Soil Conservation leveled the land off and cleared it of brush and things like that.

Mr. POAGE. They did not have irrigation on it before the land was leveled, surely. They weren't sprinkling it, were they?

Mr. YORK. It was a joint operation. While the Bureau was building the land and canals, the Soil Conservation was leveling the land and getting units ready for sale.

Mr. POAGE. Was Soil Conservation spending Government money to level land? From what source did they get that money? The Soil Conservation, generally speaking, is not an action agency. It is an agency to instruct the farmer. Where did they get the money to level the land?

Mr. YORK. I can't tell you the detail on that, the exact background. The Soil Conservation Service had the money for it, they still have some money for it. Whether that is a carry-over from appropriations made back pursuant to this Case-Wheeler Act, I don't know. The Case-Wheeler Act was passed and some of these projects were started under the Farm Security Administration and transferred from Farm Security to Soil Conservation Service about 1945 or 1946, somewhere in there.

Mr. POAGE. You say some of them were. Did they all start with Farm Security or did some of them start after 1945?

Mr. YORK. Some of them started after that.

Mr. POAGE. That was under authority of the Case-Wheeler Act.

Mr. YORK. That is right.

Mr. POAGE. That act put up money for the Soil Conservation Service to use to level this land?

Mr. YORK. That is my understanding.

Mr. POAGE. Did that act also put up the money for the Bureau of Reclamation to build the dam?

Mr. YORK. I presume the Bureau of Reclamation appropriation came through the regular Department of the Interior appropriation, but I couldn't say.

Mr. POAGE. The dams weren't built under the terms of the Reclamation Act surely. The dams were built under some special act, were they not?

Mr. YORK. I think that is right.

Mr. KING. What is the location of this project?

Mr. POAGE. I understand there are a number of these projects.

Mr. McLEAISH. One in South Dakota and one in Wyoming which has not reached the state of selling off the land yet, and this bill would correct sales of those tracts.

Mr. POAGE. As I understand it, then, the next problem was that Soil Conservation put so much money into the leveling of this land that the cost got so high that they had too much cost in there to make these things actually an economical unit, but sold them nevertheless.

Mr. McLEAISH. The way I understand that happened when the Case-Wheeler Act was passed, it was contemplated that WPA or

Civilian Conservation Corps labor would be used, which would be low-priced labor, and then the war came along and it was necessary to use high-priced labor on the deal.

Mr. POAGE. Regardless of the cost, that went into this thing, I understand it was twice what it was originally contemplated, they went ahead and sold these places to farmers on the theory that they could still pay them out. Is that right?

Mr. McLEAISH. That is correct.

Mr. POAGE. And sold it to them at a lot more than any farmer could ever pay out.

Mr. McLEAISH. That is right.

Mr. POAGE. That sounds like a typical reclamation project to me, doesn't sound any different from the rest of the reclamation projects.

Mr. ANDRESEN. Was this some of the land purchased in the thirties for a dollar or two an acre?

Mr. YORK. No, sir. This was land which was acquired just purely and simply for this reclamation project.

Mr. POAGE. Do you know anything about the cost of this land to the Government in its raw state?

Mr. YORK. I don't know that.

Mr. POAGE. Do you know anything about the average cost of the improvements on it, that the Government put there?

Mr. McLEAISH. We don't have those figures, either.

Mr. POAGE. As a matter of fact, hasn't the Government pretty well taken a licking all the way around on this stuff? Didn't the land cost too much in the first place; haven't the improvements cost too much and haven't they burdened the farmer with too much indebtedness?

Mr. McLEAISH. I wouldn't disagree with any of those statements.

Mr. POAGE. It seems clear.

Mr. KING. Is this land that you figure we might grow potatoes on now?

Mr. McLEAISH. I don't think there are any potatoes contemplated for this land.

Mr. KING. It will grow potatoes, won't it?

Mr. McLEAISH. I haven't heard any reports that it would. I think they are contemplating alfalfa and sugar beets.

Mr. KING. We should loan some money to grow potatoes somewhere.

Mr. BERRY. Senator Case, who has had a great interest in this project from the beginning, is here. I wonder if it might not be a good idea at this time to let Senator Case give you a brief talk.

Mr. POAGE. I am sure we all want to hear from Senator Case, and Mr. McLeaish has another comment which will only take a minute.

Mr. McLEAISH. Mr. Chairman, I would like to add that I have checked since this statement was written and all these settlers we are talking about here are veterans.

Mr. POAGE. How did they come to all be veterans if this thing started a good many years ago before we had anything except World War I veterans?

Senator CASE. I can answer that question very easily.

Mr. POAGE. Thank you so much, Mr. McLeaish, and we will be glad to hear from Senator Case, who was the author of the original bill.

STATEMENT OF HON. FRANCIS CASE, A UNITED STATES SENATOR
FROM THE STATE OF SOUTH DAKOTA

Senator CASE. Mr. Chairman, and members of the committee, first let me say it is a privilege to come over here and be in the atmosphere of the House again.

Mr. POAGE. We are always glad to have you.

Senator CASE. This bill grows out of the projects that were started under the Water Conservation and Utilization Act of 1939. In the latter days of WPA and CCC a movement was started to make the work that was accomplished under those programs productive in the northern Great Plains and instead of assigning men to leaf-raking jobs to give them work on something that would tend to relieve the drought conditions that were affecting the northern Great Plains during the thirties.

Senator Wheeler of Montana and I joined in sponsoring legislation which became more or less known as the Wheeler-Case program or project, and there were four of those projects started, one in Mirage Flats, Nebr., Buffalo Rapids, Mont., Eden Valley, Wyo., and Angostura, S. Dak.

At the time the projects were authorized the work to be done so far as it could be was to be WPA labor or CCC labor that was assigned to them, so they would have something useful to do instead of being given a grant under the old farm security program.

The project in South Dakota known as the Angostura project, under that the Department purchased the land that was to be rehabilitated with some irrigation. There is in this project 12,000 acres to be irrigated. It was shrunken a great deal from the original conception of an irrigation project in that area because they took what was supposed to be the best of the land, moved in some equipment for leveling the land, planned to put in three CCC projects or camps to construct the dam, and then the war broke out.

So the Government carried the ownership of the land through the war period. Some work was done by the Department of Agriculture in addition to buying the land at that time, but not too much.

Most of the land leveling equipment I think was stored or some of it was moved out.

The dam was not constructed until after the war was over and at that time it was picked up and put into the Missouri River comprehensive program, the Angostura Dam was built as one of the projects in the total Missouri River program.

Mr. POAGE. Did the engineers build it?

Senator CASE. The Bureau of Reclamation built the dam. The program at the time it was started had a great deal of attention because it was a program to have the Department of Agriculture and the Department of the Interior and the Bureau of Reclamation work together with the Bureau of Reclamation and the Department of the Interior furnishing the construction of the dam and supervising the irrigation end of it, the Department of Agriculture through the Soil Conservation Service and through its financing agencies were to handle the agricultural phases of it.

The interruption of the war of course upset the original concept.

When the war was over then and the dam was built, it was the first dam actually built in the total Missouri River program, the Angostura

Dam was the first project started under the flood control authorization for the Missouri program.

There were then no CCC camps, no WPA labor, and no settlers to be relocated. The thirties were passed. We were in a new era agriculturally and rainwise as well. It was thought then the appropriate people to use for settlers on the project should be veterans. So the total number of units, and these units run from 80 to about 110 acres or something like that, were made available for sale to veterans on not exactly a drawing basis, but a veteran who wanted to buy one of these tracts of land was permitted to file an application, a board was set up consisting of representatives of the Soil Conservation service, the county agent, the Bureau of Reclamation, the Farmers' Home Administration to select among these veterans who applied a settler to go on one of these units.

I am not sure that this same pattern was followed on Mirage Flats; Buffalo Rapids was started earlier; I am not sure the same pattern was followed on Eden Valley, but to the extent that any units remained to be sold, I think it was.

As I look back at it now, I say this in all fairness and charity to all concerned, possibly there were too many cooks in there dealing with this one batch of broth, so to speak, because you had the Bureau of Reclamation fixing the water charges for the service of the water and for the repayment of the cost of constructing the dam. You had the Farmers Home Administration financing the settlers over and above the money they brought in. Most of the GI's used their GI rights to get money to make their down payment on the land and to start, if they could, with their equipment and the buildings. This became practically virgin land. Whatever shacks or buildings that might have been there were removed, new houses were constructed unless the settler wanted to move in some house that he bought and develop it that way.

The land was leveled for irrigation purposes. The leveling resulted in destroying the fertility of the soil for a time as it does on land where you have some unevenness of the land. That is, the topsoil was scraped off to fill up the little low spots so that the land would be leveled and ready for irrigation. That resulted in some cases of taking the humus, the soil with humus in it, and putting it into the low spots so that for the first few years of the project the settlers will be engaged in a program of developing soil fertility either by using fertilizer or by——

Mr. POAGE. Is that not true in any of the reclamation projects?

Senator CASE. It is true in most reclamation projects, but the difference is where a project is developed by the Bureau of Reclamation they have a development period and they don't start the repayment period, I think they have a 10-year development period, Mr. Dominy is here and can tell you about that. They have a 10-year development period in which these little problems of adjustment these units are worked out. But here you had transfer to the Farmers' Home Administration of the financing with the settlers obligated to start making their payments back the very first year they got on the lands when they had to complete their house and barn and plow the first furrow and get the land under cultivation so you had a financial burden upon them in repayment obligations the first year that is not true of ordinary reclamation projects.

The result is that on a few problem units, this does not apply to all, some settlers are doing very well, they had a good crop of alfalfa and a good crop of grain and a good crop of sugar beets, but on some of them they did not, in some cases I suppose that the experience of a farmer might enter into it.

The Cheyenne has a very sandy soil immediately adjacent to the river. As you get further away from the river the soil becomes heavier with more heavy loam in it. They found when they started watering these units that a few of the units nearest the river were so sandy that the water seeped down so rapidly that 1 or 2 of the units became more or less waterlogged. The ground-water table rose so high in one instance that the settler can't get from his house to his barn. It is just a bog between the house and the barn. They are trying to put in some drainage.

It may be in that instance that he ought to be given an opportunity to move further away from the river to select one of the units further away because he ought not to be saddled with what was an engineering failure or a failure in something that nobody could foresee, whatever it may have been.

They have no authority to let him move to another unit. He has his buildings there, house and barn, and he has a bog between house and barn.

In another instance they have to travel about 3 miles and a half to get around a half-mile of road that is impassable because of the excessive seepage that developed in some of the sandier soil near the river.

Mr. POAGE. Who built the irrigation canals?

Senator CASE. The canals were built, the distribution canal was built by the Bureau of Reclamation.

Mr. POAGE. I understand the departmental witnesses to place the blame on the Soil Conservation Service and it may be that is where it belongs, I am not saying it does but I understood you to say the Reclamation Service who has been in business of reclaiming land and building canals actually located the canals.

Senator CASE. The Soil Conservation Service had the responsibility for the land leveling. The Soil Conservation Service is a part of the Department of Agriculture. The Department of Agriculture owned the land. The Bureau of Reclamation responsibility was the construction of the dam, the building of the main canal and the service of water, but not the ditches out on the individual tracts.

Mr. POAGE. I understand that. The seepage is coming from these canals; is it not?

Senator CASE. I don't know that you could generalize to that extent and it does not affect, that particular problem does not affect over 2 or 3 units to a serious degree. But even with them the Farmers' Home Administration has no authority to make any adjustment in the original price put on these farm units or authority to let them turn back the unit they got and let them select another unit.

Mr. POAGE. Is there still a lot of land there that hasn't been sold?

Senator CASE. Yes; about a third of the units have been sold.

Mr. POAGE. What did the Government pay for that land in the beginning?

Senator CASE. I don't know. Mr. McLain was the appraiser for the Department of Agriculture who was in there before the war and made the appraisals and bought the land.

Mr. POAGE. The land was not in cultivation when the Government bought it?

Senator CASE. Some of it was. Some was bought from the county and some from individual farmers. Farmers who were in the area of the project in large part would retain a portion of their holdings and sell a part, because of the desire to limit the irrigation to not over about 80 acres for any one settler.

Mr. POAGE. Does this project provide irrigation water for those farmers who sold parts of their land and who retained part of it?

Senator CASE. Yes; they buy the water. Not all of them did, but some of them did.

Mr. POAGE. In other words, if I had a half section there and I sold the Government 160 acres of it, then not only did I get the price for my 160 acres but I also get irrigation for the 160 retained; is that right?

Senator CASE. If you did you would have to pay for——

Mr. POAGE. I understand I would have to pay for it, but wouldn't most anybody be glad to have irrigation under those circumstances?

Senator CASE. I presume so.

Mr. POAGE. It was a benefit to the people who sold, in other words. They are getting along all right, those people who sold out, we are not trying to bail them out?

Senator CASE. No. In fact, I don't know, I think you might make too much of a generalization. After all, you are only dealing with probably 10 or a dozen problem cases.

Mr. POAGE. The bill just gives the Department unlimited authority?

Senator CASE. It gives the Department exactly the same authority it now has with respect to the farmstead units under the Bankhead-Jones Act. It extends to the problem cases the same authority the Department of Agriculture has for making adjustments under loans of the Bankhead-Jones Farm Tenant Act. That is what the bill does on its face. It refers specifically to the act.

Mr. LOVRE. There are only about 10 or 12 individuals involved?

Senator CASE. There are 3 really serious units based upon the personal contact I had, I was down there at 25 meetings and at those meetings we had representatives of Soil Conservation Service, Bureau of Reclamation, Farmers' Home Administration, the State chiefs of each of those agencies were there. In addition to that at the last meeting Mr. Cogsdale, of the Farmers' Home Administration, Assistant Administrator, was there representing Mr. McLeaish, Mr. Dominy was there representing the Bureau of Reclamation, and Mr. Williams of the Soil Conservation Service.

Last fall I heard about this problem, the Veterans of Foreign Wars were tremendously concerned because 2 or 3 of these veterans on these problem units were connected with the Veterans of Foreign Wars, the State commander of the Veterans of Foreign Wars was interested. I met with the settlers, spent an afternoon there and I said this is a situation where there is an injustice and something should be done, I wrote a 4-page letter on it, I took notes of 30 or 49 settlers there, those doing well and those not doing so well.

The State agencies set up a field team to go in and make a survey. We had a meeting the first of April at which heads of agencies were out there. There has been more money spent in travel to survey and study this than is involved. Also the money I have spent in travel

to survey and study this than is involved. Also the money I have spent and that the ageneies have spent in having people go there to look at it.

All they need is the same authority they have under the Bankhead-Jones Farm Tenant Act. Three very serious easements where I think that if something isn't done you are just going to break three veterans, some of the finest young people in the world.

You see these 50 or 75 people that attended these meetings, some were not asking for anything. But a few of them had problem units. It may be 10 or a dozen easements may call for some adjustment in their farm indebtedness.

I don't believe that the actual adjustment will exceed that. I do think that it will be necessary for the Farmers' Home Administration to have a little more authority for giving a larger loan than they do under existing authority if some of the other units are going to have a full set of buildings with some fencing.

One of the problems is fertility. How simple this thing is when you get down to cases. These fellows put in all the money they have got. They have the payments to make. They don't have money to build a woven wire fence so they can run hogs, or sheep, or cattle to hog off their corn, for instance, and get the added fertility that comes from that type of farming where this fertility has been destroyed or disturbed by the land leveling. This isn't a major bill and it isn't a major problem, as far as the Government is concerned, but it is a life and death matter for a very few veterans.

Mr. LOVRE. I want to say, though, the Angostura project is not in my district. I am somewhat familiar with it and there are pathetic cases there that deserve special consideration.

Mr. HOEVEN. Senator Case, I appreciate your particular problem and there are a lot of humanitarian angles. The thing that disturbs me is setting a precedent for like cases throughout the country. I am in sympathy with your objective but I am wondering whether this is good legislation.

Senator CASE. These veterans are not responsible for the imperfections in the project proposed to them or for the units assigned or for the representations made. The Federal Government has that responsibility. That is No. 1. No. 2 is that this is not the precedent. The precedent exists in the principles of the Bankhead-Jones Farm Tenant Act. We are not proposing to establish a precedent here. We are simply saying to give to a few veterans here the same consideration you have given to settlers under the Bankhead Farm Tenant Act all through the South.

Mr. HOEVEN. You agree the same type of relief should be afforded to any similar case throughout the country?

Senator CASE. If the Federal Government has equal responsibility; yes. I don't know whether you have anything exactly on all-fours with this or not. When I say 3 or 4 units, I am thinking of those where there ought to be authority so they could exchange the units and say to this veteran here, "We sold you a lemon." There was some faulty analysis of the soils here. We didn't realize the soils were so porous and that this land would be waterlogged when we put water on it.

We ought to have authority to take that unit back from you and let you take a unit, select a unit farther down away from the river

where you get into the heavier soil. There are not over about 3 or 4 cases like that. There may be a dozen cases where it calls for some debt adjustment. Or for authority to make a larger loan than they can make at the present time.

Mr. POAGE. What this bill provides for is releasing people from their obligations to the United States Government. I never knew of an admission on the part of the Government that it is ever wrong, but it is oftentimes wrong. If we can get an admission that somebody had made a mistake out there it would justify us entirely in saying the Government will trade land. We pass bills all the time allowing transfer of land and we would say the Government was wrong and the Government made a mistake and therefore the Government should rectify its mistake.

I don't understand that is what this bill does. I understand this bill to be an absolute guaranty of anything that anybody buys, buying through or in connection with the Government. You say there is nobody else in this situation. I get 2 or 3 letters a week from veterans who have made loans on homes and they complain that the builder did not do everything——

Senator CASE. That was a private builder and here the builder was the United States Government.

Mr. POAGE. Yes, but the Veterans' Administration is held responsible because the Veterans' Administration inspected that home before the veteran took it and that veteran has been led to believe, as all veterans are led to believe, that anything he touches that the United States Government is going to guarantee and for practical purposes we are guaranteeing those houses. We put a loan on them and the Veterans' Administration will call that builder in and at least argue with him that he hasn't carried out his contract. Of course the veteran never feels there is any responsibility on him to try to get the contract complied with, he feels the responsibility is on the United States Government. I don't object to rectifying mistakes the United States Government has done.

Senator CASE. Here the seller is the Government.

Mr. POAGE. That doesn't make a difference to the veteran. The veteran doesn't feel there is a difference between buying from the Government and the Government guaranteeing the loan. He says when the Government guarantees a loan on his house that the "Government guaranteed I would get a good house." He says "When the Government made the inspection I had a right to rely on that inspection," and pretty largely we are telling these veterans, "If anything happens to you, if your wife has a baby and you have expense in connection with it, the United States Government ought to take care of that because after all, you are the ward of the Government."

Senator CASE. In this instance the Government will take care of itself. You can break those veterans and the Government will get the land back and the Government will take the loss.

Mr. POAGE. I find no fault with the idea of trying to rectify mistakes that have been made but it seems this bill goes beyond that. This bill doesn't say that it will be done only when mistakes are made. This says if he lets the Jimson weeds grow up and he is in bad shape, the Government can relieve him of his indebtedness and let him go on his merry way. I have no objection to correcting these mistakes.

I don't want to blame the Soil Conservation Service or the irrigation service or Reclamation Service or Mr. McLeaish, I am not trying to say somebody is to blame but somebody made a mistake, we all do. The number of mistakes wasn't great, apparently. Let's rectify the mistakes we made but let's don't open the door wide and say any time you want to walk out you are trading with the Government, so it is not binding, nothing is binding when you deal with the Government.

Senator CASE. May I call your attention to the text of the bill. I did not write the bill. The bill was drafted by the departments and concurred in by them to meet this problem, but the bill reads that the provisions of section 41 (g), 43 and 51 of the Bankhead-Jones Farm Tenant Act as amended are hereby extended to apply on the obligations of settlers on projects developed under the act of August 11, 1939.

I don't believe under the Bankhead-Jones Farm Tenant Act that you can make settlements with settlers who let the Jimson weeds grow up, it might be Creeping Jenny in my State, but whatever it might be.

I think the Bankhead-Jones Farm Tenant act provides if you give them benefit of those provisions there has to be good faith. We are not proposing you extend any situation here where bad faith could be recognized. We are only asking that sections of 43, 41 (g) and 53 of the Bankhead-Jones Farm Tenant Act be applied. If they can operate in bad faith, maybe the Bankhead-Jones Farm Tenant Act ought to be amended.

I don't know anything about that. All I am asking is that these people have the same, that the agencies have the same authority for making adjustments that they have under the Bankhead-Jones Farm Tenant Act.

Mr. POAGE. Doesn't line 7 give additional powers:

* * * the Secretary is authorized to make such additional adjustments in the terms and conditions and amounts of any such obligations of such persons or in the price at which project units are sold to settlers as may be reasonably necessary to permit such persons to acquire, develop, and establish successful farming operations on their farm units and repay such adjusted obligations.

Isn't that in addition to what the Jones-Bankhead Act provides?

Senator CASE. I would like to have you ask that question of the representatives of the Department. My answer would be I think that was probably necessary because in this instance the Bankhead-Jones Farm Tenant Act might not cover the acquisition of lands in the same manner that this land was acquired, the price at which such project units were acquired and loans made for the purpose. There is a difference between the Government owning the land and putting a price on it and selling it and in making a loan to a veteran for him to go out or any settler to go out and acquire a piece of land that is privately owned.

Mr. THOMPSON. Why doesn't Bankhead-Jones Act apply in this case? The sale was not originally made under that act.

Senator CASE. That is right.

Mr. THOMPSON. Under what act was it made?

Senator CASE. The land was acquired and the whole program conceived under the act of August 11, 1939. Which was the water conservation and utilization act.

Mr. THOMPSON. What I am trying to do is reconcile this with what I know of the Bankhead-Jones farm ownership in our part of the country. In that case there is inspection made by a committee of farmers, ranchers, who live in that area and they say whether the particular tract can be operated profitably.

There isn't any particular——

Senator CASE. Is that where they would go out to buy a farm some private individual owns and the question is whether or not the Government would make a loan to the prospective buyer?

Mr. THOMPSON. That is right.

Senator CASE. So he could go to a private individual and buy the land.

Mr. THOMPSON. That is right.

Senator CASE. The Government was the owner of the land. The Government bought this block of land for this project in this relief program back in the thirties.

Mr. THOMPSON. And a subsequent operation of the Government rendered the land if not untenable, at least unprofitable; is that right?

Senator CASE. Some of the units, a few of the units weren't as good as they thought they were because of this excessive porosity of the soil or because of where the route that the main canal had to follow to get away from the dam, to get away from the river, getting to the heavier soil.

One place the main canal slipped and washed away. They repaired that by putting in a little concrete lining there to get across this sink area but the farmer below there, when the water came in, he also had this excessive sandy soil, excessively sandy soil.

Mr. THOMPSON. That is reflected in the report?

Senator CASE. Yes.

Mr. THOMPSON. I was trying to reconcile it with my own knowledge of the——

Senator CASE. The difference is here the Government owned the land and these private individuals owned the land and the Government inspected the land before making the loan.

Mr. THOMPSON. The Government doesn't inspect it when it is bought in our part of the country. That is neither here nor there. I was trying to bring it into balance with my experience in our own part of the country, where we have never had anything of this kind. In fact, we have never had a man fail to pay out.

Senator CASE. These men don't want to fail. I wish this committee could see the faces of those young veteran farmers and kids there at the meeting. They were a select group of people; they were the cream of a crop of several times the number of settlers that are there who applied for the right to purchase one of these units on the general representation that here was a well-developed project, that you can come and settle down and raise a family after the war and make a real home, and in a few cases you have got a few cases where there could be some tragic personal suffering and if that happens they throw up, you break them, and the Government gets the land back.

Mr. THOMPSON. It all sums up to the fact that the veterans bought a piece of property that was not as they had been led to believe.

Senator CASE. Yes. I wouldn't say it was bad faith on the part of the Government.

Mr. THOMPSON. Call it a mistake.

Senator CASE. An error in judgment or classification of the lands on some of these units.

Mr. THOMPSON. I can certainly understand the propriety of the Government straightening it out.

Mr. HAGEN. I would like to ask the Department witness, What did the Government do on the Matanuska project in Alaska? They are in similar difficulty there?

Mr. SMITH. No, sir; that is not a similar situation to what we have here.

Mr. HAGEN. Were those farmers able to pay out up there?

Mr. SMITH. Yes, sir. Those loans were made by the last Alaska Corp.

Mr. HAGEN. There was no forgiveness of debt?

Mr. SMITH. No, sir.

Mr. HAGEN. I would like to also ask in connection with Government investment.

How much money has the Government invested in the work and leveling the land, and so forth?

Mr. SMITH. You mean per unit or in the total?

Mr. HAGEN. Total.

Mr. SMITH. We do not have those figures here available.

Mr. HAGEN. Was it a sizable sum?

Senator CASE. Yes.

Mr. SMITH. We have with us the loan figures of the Farmers' Home Administration with respect to individual loans that we have made on the project, but we do not have with us the figures with respect to how much the Government has invested in the costs of the dam or in the land leveling by the Soil Conservation Service.

Mr. HAGEN. The point I am trying to make is, if this project doesn't work and is a failure, as might well be if there is a substantial number of people who can't farm, the Government will lose a considerable amount of money.

Senator CASE. Mr. Dominy just tells me the expenditures by the Bureau of Reclamation are in the neighborhood of \$14 million for the dam, canals, and powerplant. There is a powerplant in the dam which is a 1,500-watt powerplant and the power revenues from that, of course, will apply to a part of the cost, but if these farmers aren't able to carry on and pay through the 40 or 50 years they will be paying for water charges, the Government will also have that bill.

Mr. POAGE. How many of these farmers are there, not that are in distress, but how many all told?

Mr. DOMINY. A little over 12,000 acres of lands to be developed for irrigation on the Angostura project and I estimate there would be about 120 farm units.

Mr. POAGE. How many million dollars?

Mr. DOMINY. The dam, laterals, canals, drains, and power plant will run a little over \$14 million.

Mr. POAGE. That does not include the leveling?

Senator CASE. That does not include cost either.

Mr. POAGE. Doesn't include cost of land or leveling?

Mr. DOMINY. No, sir.

Senator CASE. The dam itself is part of the Missouri River total program and I do not know the cost distribution. This now is not

set up as an individual project. Had it been prosecuted as originally proposed, the work of the WPA that would have been applied would not have been reimbursable. In lieu of that I think that part of the cost of this dam is assigned to its flood-control benefits as a unit in the total Missouri River system and some credits are credited to that for stopping silt that would go into the main dams on the main stem of the river.

You would be misleading yourself if you had tried to take the cost of the dam and assign it to the farmers on the project. Some extends to silt prevention for the big dams farther down, some extend to flood control, part will be repaid by the powerplant.

Mr. POAGE. What would you think is a fair estimate of the cost of the lands to the Government up to the present time, the cost of the lands, leveling, putting in the irrigation? How much has the Government invested in the land?

Senator CASE. I don't know. Out of the 120 units a great many of those will have no problem. I had a letter from one man there the other day, the sugar beet production looks as if it would be exceptionally good there. I think the growing season is very good. It is in the southern part of South Dakota.

I see the chairman smile a little bit because I know sugar is a problem.

Mr. POAGE. We have more sugar than we need.

Senator CASE. Sure. After all, you are not dealing with thousands of people here. You are dealing with a little handful of people, veterans, that the Government invited to come in and said here is a nice project with some rosy prospects, here is a chance for you to settle down and make a home after the war.

Mr. POAGE. Maybe we ought to require the Government to register with the Securities and Exchange Commission before they sell this land. Just like Canadian mining stock.

Senator CASE. I hope when the chairman makes one of his too infrequent visits to South Dakota that he will visit the project because he will see some of the finest people starting some of the nicest little homes and he will be impressed, I think, by the probability that given time, this project will pay out and that the Government will not be the loser, provided you give the departmental officials enough discretion to handle these few tight fits that developed in the project.

Mr. POAGE. We don't want to give the impression that we are not interested in trying to work out something for those individuals who have been placed in an unfortunate position as a result of governmental action. I think the committee does want to do something on that. We are concerned that we don't just open the door. We are very much obliged to you.

Mr. LOVRE. As I understand, this bill does not, in your opinion, Senator Case, establish any precedent?

Senator CASE. No; because it isn't intended to establish any precedents. It is merely to give to these settlers where the Government was the seller of the land the same rights that you give where the Government merely loans money for them to buy somebody else's land.

Mr. LOVRE. That being true, would the objective be accomplished if we applied the price of the Bankhead-Jones Act to the Wheeler-Case land without any additions?

Senator CASE. I think you have to refer that question to the people who administer that act.

Mr. SMITH. Congressman, to do a proper job with respect to these project applicants, we would need the language in this proposed bill that has to do with adjustments of the sale price.

Mr. LOVRE. The provisions of the Bankhead-Jones Act would not be sufficient to take care of the needs of the Angostura at the present time.

Mr. SMITH. That is right.

Senator CASE. That seems to be consistent with my layman's opinion because the difference exists because the Government was seller of the land and not merely loaner of the money to buy the land.

Mr. POAGE. If there is nothing further, thank you very much, Senator.

Senator CASE. I enjoy always coming over here and this hearing this morning was very delightful. I appreciate your courtesy.

Mr. POAGE. We have Congressman Berry with us, and we would like to hear from him.

STATEMENT OF HON. E. Y. BERRY, A UNITED STATES REPRESENTATIVE FROM THE STATE OF SOUTH DAKOTA

Mr. BERRY. Mr. Chairman.

Mr. POAGE. We like to get as close to home as possible and would be delighted to have you tell us about it.

Mr. BERRY. Senator Case knows a great deal more about this project—having lived with it all the way through its fairly mature life—than I do, having just come into the picture since last fall when these boys got into trouble. I have a statement here from Senator Mundt, however, that I would ask unanimous consent to have placed into the record at this point.

Mr. POAGE. Without objection it will be included.

(Senator Mundt's prepared statement follows:)

STATEMENT BY SENATOR KARL E. MUNDT OF SOUTH DAKOTA, BEFORE HOUSE COMMITTEE ON AGRICULTURE AND FORESTRY, JULY 27, 1955

Mr. Chairman, I appreciate very sincerely the fact that your committee is taking time during these final busy days of the 1st session of the 84th Congress to take testimony in connection with S. 1621.

As you know, this legislation, sponsored in the Senate by my colleague, Senator Francis Case, would authorize the Secretary of Agriculture to compromise and adjust debts of settlers on water conservation and utilization projects developed under the Wheeler-Case Act. As such, the authority contemplated would not be setting any kind of precedent since similar authority is already being exercised by the Secretary with respect to loans for land purchase or improvements under the Bankhead-Jones Farm Tenant Act.

As a member of the Senate Committee on Agriculture and Forestry I was pleased that this legislation cleared our committee and was favorably acted upon by the Senate as a whole. Passage of S. 1621 is important to the pioneers of a new farming community in my State of South Dakota. Members of this committee have undoubtedly had an opportunity to read the favorable report on this legislation rendered by the Department of Agriculture.

In its report to our Senate Committee on Agriculture and Forestry, the Department of Agriculture listed three conditions facing the young farmers, many of them veterans, on the Angostura project which place the success of the project in real jeopardy. I would like to direct your attention to these three conditions:

(1) Seepage is developing from irrigation canals and the application of water to the extent that the irrigable crop acreage on some farms is being reduced to the point that a family cannot be reasonably expected to succeed.

(2) Due to the semiarid nature of the area and the sandy texture of much of the soil, there is a lack of humus and organic matter. Under such conditions, some farmers cannot obtain profitable yields until the soil has been developed with fertilizers, legumes, green-manure crops, and good tillage operations. The removal of topsoil in land-leveling operations has been an additional cause of low crop yields for the first years of occupancy. For these reasons, many settlers have lost money on their farming operations during the first years of their occupancy of the units and will fail unless afforded further opportunities to work out of their difficulties.

(3) Since the majority of these settlers are young veterans with limited resources, the problem is intensified as they have not been able to provide sufficient funds to supplement the amounts which could be loaned to them under existing authorities of the Farmers' Home Administration to adequately develop their farms. They also have been unable to obtain necessary buildings, particularly livestock shelter, fences, and, in some instances, a habitable dwelling.

The conditions to which the Department has referred have impaired the original value of the farm units located on Angostura project. There is a good chance the investment of time, money, and labor contributed by the Federal Government and by these young farmers can be saved with the result that a prosperous agricultural community will flourish if the Farmers' Home Administration is given the authority contemplated in S. 1621 to make the necessary adjustments.

I hope this committee will act favorably on S. 1621.

Mr. BERRY. These kids out there not only have what they borrowed from Uncle Sam to build these homes, but they have their own money that they have put into it. They have 2 or 3 years of trying to scratch up enough money to keep their families while they have been living on the land. They have that investment in addition to what the Federal Government has in this.

As Senator Case said, some of these men that got some of the land that was scraped off and is not productive are just having a hard time. They are milking a half-dozen cows, doing everything they can to get by.

Here is one of the kids in pretty much distress. His name is H-a-g-e-l-m-a-n. He put \$12,000 of his own money into this farm when he went out there, in a house and in some outbuildings, and the farm has proved to be one of these bad ones. The kid stands to lose not only what McLeish and this program has loaned to him, but he is going to lose his \$12,000 and his 3 or 4 years of dreary, hard work and scraping.

I think by and large from what I have seen of these kids out there they have done a good job, but now this kid, if he could take his buildings and exchange it for one of the other plots, one of the other farms, where it isn't soggy, where the land didn't go sour on him, if these people had authority to do that, that is all we want in this bill, give them a chance to help these kids get established on a piece of land that is productive.

Mr. POAGE. That is not what the bill says. I have to keep coming back as I did with Senator Case. You are talking about something that I think most everybody can go along and agree on. This bill doesn't say anything about exchanging land. This bill says you will write off their indebtedness and tell them you owed Uncle Sam so and so, but you don't owe him any more. That is what this bill says.

Mr. BERRY. I don't assume these men sitting before you have done much of that in the past. They are pretty fair businessmen. We are authorizing them to use their judgment.

You can't write a law that says you can loan John Jones \$12,000 and somebody else \$4,000 because all we are doing is giving these people the discretion.

Mr. POAGE. This bill doesn't say anything about moving a man from down there where the Government has made a mistake up to lands——

Mr. BERRY. Authorized to make additional adjustments in the terms and conditions.

Mr. POAGE. Terms and conditions of his obligation.

Mr. BERRY. That is right.

Mr. POAGE. His obligation isn't to go buy some more land.

Mr. BERRY. No; his obligation is to pay for that piece of soggy land he can't make a living on.

Mr. POAGE. I understand that. That is what you give the people authority to do. I ask Mr. McLeaish if he interprets this bill to give him authority to take the man in the swamp and deed him another piece of land without consideration.

Mr. McLEAISH. We would consider that within the authority but he owes the money on this piece of land here. Unless we can relieve him of that obligation on this piece to move him to the other, if he buys the other piece it will be sold to him at the price it should be sold at.

Mr. POAGE. Under what authority will you sell it to him?

Mr. McLEAISH. Under this authority here. In other words, the Soil Conservation would have the sale of it.

Mr. POAGE. Let's find out about that because I think we ought to know some facts about this thing. I think everybody is assuming a lot and nobody is giving answers about that. What authority do you have to sell the rest of the land?

Mr. SMITH. You are right. This bill does not contain specific language authorizing exchange of units but the same purpose can be accomplished under the terms of this bill in this kind of manner. We find several of these project occupants who have already agreed to certain contracts, stated amounts in the contracts, to pay for units that they have purchased. Now if this bill is enacted we would have authority to enter into an arrangement whereby the farmer would deed that unit back to the Government and would become relieved of liability for the contract purchase price.

Mr. POAGE. Relieved of liability. This bill doesn't give you any authority to pay him anything?

Mr. SMITH. No.

Mr. POAGE. What will he use to pay for the new land?

Mr. SMITH. The Government could enter into a contract with him to buy another unit on the project at a sales price, at a price that he could afford to pay for it and do the development that would be necessary to put it into operable condition.

Mr. POAGE. The Senator told us about a boy with \$12,000 of his money invested in a waterfront farm. You can relieve him of the indebtedness he owes to the United States Government but you can't pay him back the \$12,000?

Mr. SMITH. No.

Mr. POAGE. You can't sell him a new tract of land for nothing. What authority do you have to sell him a new tract of land?

Mr. SMITH. If this bill were enacted we could sell another unit to this farmer at a price——

Mr. POAGE. I am asking you under what authority could you sell it.

Mr. SMITH. There is authority to sell in the Wheeler-Case Act itself.

Mr. POAGE. In the Wheeler-Case Act, and it requires you to charge him enough money to get your investment back, too. Now, if you charge him enough money for the new tract to get the investment back where will he get the money to pay it?

Mr. SMITH. I direct your attention to the latter part of this particular proposed bill which says that adjustments can be made in the sale price of units and under that language we would have authority if this bill were enacted to——

Mr. POAGE. Adjustments to be made in what sales price? I understand that to be sales price of the land you have already sold him.

Mr. SMITH. Plus that to be sold.

Mr. POAGE. Point out the line that involves that.

Mr. SMITH (reading):

or in the price at which project units are sold——

Mr. POAGE. What line is that?

Mr. SMITH. Line 11 on page 2.

Mr. POAGE. All right.

Mr. SMITH (reading):

In the price at which project units are sold to settlers as may be reasonably necessary to permit such persons to acquire development and establish successful farming operations on their farm units and repay such adjusted obligations.

We interpret that language to convey authority to the Department——

Mr. POAGE. Did a lawyer write this bill or did somebody just send it to a stenographer and ask her to write it?

Mr. SMITH. One of the Department attorneys wrote the bill.

Mr. POAGE. Did he mean to say that that is authority to sell lands? I think it is clear that is merely authority to adjust the price on land you have already sold. Now I realize that lawyers can always argue about things, but if they are going to correct these things, why don't we try to write language so we won't have another lawsuit and be before Congress next year? You know if you try to sell that land under this authority you will be right back up here next year.

Mr. SMITH. We don't think so, sir.

Mr. POAGE. I think you will. I don't think you can pass title to the land under this. I don't think the General Accounting Office——

Mr. SMITH. The authority to pass title is vested under the terms of the Case-Wheeler Act.

Mr. POAGE. I understand that and the Case-Wheeler Act in express words requires you to charge enough to get back the Government's investment.

I don't understand that this amends those provisions. It doesn't purport to be an amendment to those provisions. It purports to be something else. I don't think you can amend the Case-Wheeler Act by this kind of a vague reference. This thing is a matter of passing title. This is the thing that goes in your abstract. This is the thing that carries the title from one owner to another. I don't know that

title can ever pass on that kind of a vague wish. Let's write it plainly. I know this thing passed the Senate and nobody paid any attention to it, they never do, but this committee has some responsibility here. We are perfectly willing to try to write you a bill that will do the things you say you want done, but let's put it in language that will do that.

Mr. SMITH. We think this language is sufficient to give the Department authority——

Mr. POAGE. Are you a lawyer?

Mr. SMITH. Yes, sir.

Mr. POAGE. And you are willing to sign a title opinion, if you were practicing law, you are willing to sign an opinion that this passes title?

Mr. SMITH. I think this vests with the Department the authority we need to handle the thing.

Mr. ANDRESEN. I would like to ask you if there is any other area in the United States outside of South Dakota where this law would be applicable.

Mr. SMITH. Yes, sir; there is.

Mr. ANDRESEN. Where?

Mr. SMITH. There are some units in Colorado, Idaho, Montana, Nebraska, North Dakota, Wyoming. The Farmers' Home Administration is now servicing contracts totaling \$2,276,430 growing out of the sales of units in Wheeler-Case projects.

Mr. ANDRESEN. Do you have the same drainage and seepage situation in these areas?

Mr. SMITH. No, sir; we do not. That is my understanding, that the same problem does not exist with respect to seepage.

Mr. ANDRESEN. I would like to get some specific information on the other places. From the way we have the evidence before us now it would seem as though this bill largely applies to a few tracts in South Dakota.

Mr. SMITH. The South Dakota project was used as an example because it does have the seepage problem. It also has the problem of the sales price of the units versus the cost of further development on the units and that also is a problem on some of the other projects.

Mr. ANDRESEN. This is coming up in the last minute here. I haven't had the opportunity to study the evidence submitted to the Senate committee and I think we ought to have some specific illustrations from each area showing the number of people involved in each area. Can you furnish that information to the committee?

Mr. SMITH. Yes, sir; we can furnish that.

Mr. POAGE. Congressman Berry has been interrupted.

Mr. BERRY. I yield to the gentlemen of the committee.

Mr. POAGE. We will be glad to hear anything further.

Mr. BERRY. I don't think I have anything further. I am very anxious that something be done on this if possible at this session. The longer we wait the colder those kids will get this winter.

Mr. POAGE. Why didn't it come to us earlier in the session?

Mr. BERRY. You will notice that the bill was only introduced a short time ago because, we have been trying to work this thing out. As Senator Case said, he made a trip out there, I thought it was in April, but possibly it was in March. I think probably these gentlemen have been in my office and Senator Case's office a dozen times. We thought we could work this out administratively. It couldn't be

done. We have come here asking for this amendment so that we could take care of them.

Mr. POAGE. I want you to know we understand that problem and we appreciate your trying to do it before coming in, but I am sure you understand the problem that confronts us here in the last days of the session trying to pass on a thing upon which there is obviously so little information.

We want to know how much the land costs, how many people and how many projects where they are, why they are in the shape they are in. We have been given information about your project but I think the Department will admit they are not giving us information about these other projects and we have no idea where we are going. We are reaching out in the dark. We see these 4 or 5 people in South Dakota but don't know what sort of precipice we are going to step over in the rest of the Nation.

Mr. BERRY. I would say the whole thing is a bungled up thing, started under WPA, shifted over to something else and then something else and we have it in our laps.

Mr. POAGE. We have it in the same shape we have had it from the very beginning. If it was bungled in the beginning, it is still bungled, is a bungled mess right now.

We don't like to put our approval on that sort of thing and send it out.

Mr. HOEVEN. Mr. Berry, you made reference to the fact that this bill was introduced April 1, and I note it was reported in the Senate on July 20, 1950. It was pending in the Senate committee for over 3 months. Were any hearings held in the Senate?

Mr. BERRY. I can't tell you. I assume there were hearings on it.

Mr. HOEVEN. I don't know whether the assumption is warranted because, as the chairman says, the Senate passes out bills without much provocation. I am wondering if there is a record of hearings in the Senate that might be available.

Mr. SMITH. I don't know, sir. We did not appear before the Senate committee. I don't know if they had a meeting.

Mr. HOEVEN. Mr. McLeaish, did you appear before the Senate committee?

Mr. McLEAISH. No, sir.

Mr. LOVRE. Off the record.

Mr. POAGE. How many people will you foreclose between now and January?

Mr. McLEAISH. As far as production money, Mr. York made a close study of it, some of these people have borrowed about all they can borrow from the standpoint of production. There is imminent danger for some of them at present.

Mr. YORK. That is right. I believe 17 or 18 of these settlers have already borrowed over \$7,000 for operating credit and our limit is \$10,000. If those folks do not have a good year this year, they will be in trouble before another year roll arounds. Another thing I would like for you to consider is as far as the January proposition is concerned, that if a man doesn't make a go of it, doesn't see he is going to get some relief, as Congressman Berry pointed out, they without our foreclosing some of these will become discouraged and leave at the end of this year.

Mr. HAGEN. The chairman placed great emphasis on some kind of trading transaction but actually isn't it reasonable to assume that this

fellow getting seepage on his land, if he was permitted to reduce his debt obligation or otherwise become eligible to borrow money from some source, isn't it reasonable to assume he could correct part of that seepage condition himself, rather than moving off the land and acquiring another parcel?

Mr. McLEAISH. I come from an irrigated area and seepage can be corrected but in our area in Texas it takes a long period of years to correct the damage of seepage. It requires underground drainage usually to carry off that water and keep carrying it off.

Mr. HAGEN. What actually do you contemplate for these few farms, that efforts will be made to correct these conditions or that they will move off? What action do you contemplate?

Mr. McLEAISH. I think that in some of the cases where the seepage damage isn't too great, they could put in underground drainage or correct seepage by drainage of some sort and save part of the land.

In other cases the man will probably have to move away from the land entirely, move on to another piece of land.

Mr. HAGEN. What would be done in the majority of cases of this type? You don't contemplate a mass exodus to other pieces of land?

Mr. McLEAISH. The seepage problem applies to only 3 or 4. There are 17 or 18 where the land value probably arises. In other words, the land cost plus the cost of improving the property is in excess of what we could afford to lend them.

Mr. HAGEN. In other words, if you could give him a cheaper farming operation, he could make a go of it.

Mr. McLEAISH. Right.

Mr. POAGE. Any further questions?

Mr. LOVRE. Could Mr. Dominy of the Bureau of Reclamation shed any light on this?

Mr. POAGE. It seems we will have to shed all this light in January anyhow and we have two more bills.

STATEMENT OF FLOYD E. DOMINY, CHIEF OF THE DIVISION OF IRRIGATION, BUREAU OF RECLAMATION

Mr. DOMINY. Floyd E. Dominy, Chief of the Division of Irrigation, Bureau of Reclamation.

There are 16 WCU projects that were built under this special act in cooperation with the Bureau of Reclamation and the Department of Agriculture. All but two of those have been developed and settled, most of them immediately prior to the war years, a few immediately after the war years. The two that are still in settlement and development are the Angostura project in South Dakota and the Eden project in Wyoming.

Mr. POAGE. Then this plea that these are veterans applies only to these two projects?

Mr. DOMINY. There are veteran settlers on a good many of the projects, but to a 100 percent degree on the new lands only on the Eden and Angostura.

In other words, there are a lot of World War veterans who have farms on the other projects. A number of them like the Mirage Flats.

Mr. POAGE. Now, how did the other World War I veterans get there?

Mr. DOMINY. By application and purchase.

Mr. POAGE. Under the Jones-Bankhead Act you have got to have these fellows screened by a local committee and down in my country they turn down any old man who applies. I have seen them turn down a lot of fellows who were not as old as I am. They say they have to have a young family on these farms. Those World War I veterans weren't young back in 1940.

Mr. DOMINY. The point I want to make is for all practical purposes the application of this bill is limited pretty largely to the 12,000 acres on the Angostura project and the number spoken of here today and the Eden project, which is just now getting to the stage where the farms will be made available to the new settlers.

The Eden project will be between 17,000 and 20,000 acres of which 9,000 is already settled by men who have been there for years. The Eden project took the old 9,000 acres and expanded it to a maximum of 20,000 acres. There will be between 6,000 and 7,000 acres of new land that Agriculture controls, some of it is public land, but by special acts the Department of the Interior has put that into the control of Agriculture for settlement purposes.

There may be some of those where they will need this authority in working it out. I believe it will not be used except maybe in a few very rare instances in the other WCU projects because as far as I know those are settled and are being satisfactorily farmed.

Mr. POAGE. Let's find out this: Why aren't they settling this South Dakota project now? There is still about one-third of the land, I understand, that has not been settled.

Mr. DOMINY. The only land that remains to be settled is across the Cheyenne River served by a siphon. Last spring when the siphon was first completed and water was first delivered to the north side of the Cheyenne River through the siphon a leak developed. The bank shifted and the concrete siphon shifted with it and it took just enough time to repair that so it was not possible to make deliveries of water on the north side of the Cheyenne River during the past irrigation season. That was repaired and water is being delivered there this year on a test run basis. We did not believe, nor did Agriculture, that they ought to put farmers out there until we were certain that the siphon would hold.

It has been repaired in such manner that the engineers believe any further shifting will not disrupt the siphon.

Mr. POAGE. Then we can't do just what Senator Case suggested, moving these people back from the river back on higher land?

Mr. DOMINY. There is good land on the north side of the river served by this siphon that will be available for settlement, we believe, by this fall.

Mr. POAGE. Those fellows may be reluctant to move to the north side of the river after having had one sad experience and having doubt about whether that siphon will work.

Mr. DOMINY. I don't believe we should overemphasize the need for relocation. I think Mr. McLeish has testified there is probably not over 2 or 3 that may fall in that category. The others need financial relief in terms of reducing indebtedness.

Mr. POAGE. Thank you very much.

Does any one else want to be heard on this bill?

If not, we thank all the witnesses who have been heard on this bill.

S. 2098—EXTENSION SERVICE APPROPRIATIONS

WEDNESDAY, JULY 27, 1955

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

[S. 2098, 84th Cong., 1st sess.]

AN ACT To amend Public Law 83, Eighty-third Congress

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Smith-Lever Act, as amended (7 U. S. C. 341 and the following, supp. 1), is further amended as follows:

(a) By adding a new section, following section 7, to read as follows:

"SEC. 8. In order to further the purposes of section 2 in agricultural areas which, because of special circumstances affecting such areas, are at a disadvantage insofar as agricultural development is concerned, and to encourage complementary development essential to the welfare of such areas, there is hereby authorized to be appropriated such sums as the Congress from time to time shall determine to be necessary for payments to the States, Alaska, Hawaii, and Puerto Rico on the basis of special needs in such areas as determined by the Secretary of Agriculture. Sums appropriated in pursuance of this section shall be in addition to, and not in substitution for, appropriations, otherwise available under this Act."

(b) By renumbering section 8 to read section 9.

Passed the Senate June 17 (legislative day, June 14), 1955.

Attest:

FELTON M. JOHNSTON,
Secretary.

[S. Rept. No. 558, 84th Cong., 1st sess.]

EXTENSION SERVICE APPROPRIATIONS FOR LOW-INCOME FARMERS' PROGRAM

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2098) to amend Public Law 83, 83d Congress, having considered the same, report thereon with a recommendation that it do pass without amendment.

In a message to the Congress on April 27, 1955 (H. Doc. 149), the President forwarded a report from the Department of Agriculture on the problems of low-income farmers. Included in the recommendations of the Department was the proposal that the State extension services in the problem areas be given additional appropriations in order to develop a more coordinated program for farm people with low incomes. S. 2098 would authorize such appropriations as would be necessary to meet these special needs. While the bill does not limit the total amount of appropriations the amounts would be subject to approval each year by the Congress. It is further noted that the Department in its report on low-income farmers recommended that a pilot program be established to determine the proper aids necessary to help these farmers raise their standard of living.

The letter from the Department of Agriculture requesting enactment of S. 2098 is attached hereto as a part of this report.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., May 24, 1955.

The PRESIDENT OF THE SENATE,
United States Senate.

DEAR MR. PRESIDENT: There is transmitted herewith for the consideration of the Congress a draft of proposed legislation. It is proposed that the Smith-Lever Act be amended to make it possible for the Secretary of Agriculture, through the State extension services, to give special aid to farmers in agricultural areas which are at a disadvantage with respect to agricultural development because of special circumstances affecting such areas. The Smith-Lever Act, as amended by the act of June 26, 1953 (Public Law 83, 83d Cong.), would be further amended by this proposal to authorize the appropriation of funds for additional cooperative extension work in such areas. This would be done by inserting a new section 8 containing necessary provisions for this work, and renumbering the present section 8 to section 9. The allocation to the States of funds appropriated pursuant to this proposed new section would be determined by the Secretary of Agriculture on the basis of special needs in the areas described in the new section. This new section would not require that funds appropriated pursuant to it be matched by the States.

The report, Development of Agriculture's Human Resources, which the President has transmitted to the Congress for its study, states that educational programs in low income farm areas must differ from those in other areas. Special methods and techniques are needed to effectively reach the objectives outlined in the report. In many cases, community-wide interest and effort is needed. Thus, an extension program is proposed which will develop a coordinated program in cooperation with others concerned for the improvement of the opportunities afforded an important part of the Nation's human resources which now are contributing far less than they can to the economic progress of the Nation. The Extension Service, as a result of many years experience in planning and conducting educational programs in cooperation with local groups and other agencies, is well qualified to assist in the further development of these agricultural areas.

This Department recommends that the proposed legislation be passed.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely yours,

E. T. BENSON, *Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX, of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

"SMITH-LEVER ACT OF MAY 8, 1914, AS AMENDED

* * * * *

"SEC. 8. *In order to further the purposes of section 2 in agricultural areas which, because of special circumstances affecting such areas, are at a disadvantage insofar as agricultural development is concerned, and to encourage complementary development essential to the welfare of such areas, there is hereby authorized to be appropriated such sums as the Congress from time to time shall determine to be necessary for payments to the States, Alaska, Hawaii, and Puerto Rico on the basis of special needs in such areas as determined by the Secretary of Agriculture. Sums appropriated in pursuance of this section shall be in addition to, and not in substitution for, appropriations otherwise available under this Act.*

"SEC. [8]9. The Secretary of Agriculture is authorized to make such rules and regulations as may be necessary for carrying out the provisions of this Act."

Mr. POAGE. I believe Mr. Scruben is here to testify on that bill.

STATEMENT OF L. M. SCRUBEN, ASSISTANT ADMINISTRATOR,
FEDERAL EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE

Mr. SCRUBEN. It was the Department's understanding that the committee felt that S. 2098 was not definitive enough in its statement of purpose and operation. In an attempt to be more specific, both as to the conditions under which moneys would be expended and criteria under which the money would be expended, the Department at the request of the committee prepared this draft of a possible substitute of S. 2098.

In this draft we have specified the conditions under which moneys would be appropriated, we have specified the conditions under which the work would be performed.

Two limitations were placed in the proposed legislation, one that no more than 10 percent of any moneys appropriated under section 8, which this proposed bill provides, would go to any one State, and no more than 10 percent of such funds as appropriated under section 3 of the Smith-Leiber Act would be appropriated under provisions of section 8.

Those are essentially the further expansion and the attempt to clarify the provisions of the original amendment that was submitted and the original amendment as passed by S. 2098. We hope that the amendment, proposed amendment, or proposed substitution is satisfactory and that the legislation can go forward.

Mr. POAGE. Are there any questions?

Mr. HOEVEN. Did you appear before the Senate committee on behalf of the bill?

Mr. SCRUBEN. We did not.

Mr. HOEVEN. Do you know whether there were any hearings held on S. 2098 in the Senate?

Mr. SCRUBEN. To my knowledge there were not.

Mr. POAGE. Does any witness here know whether the Senate held any hearings? Nobody in the room knows whether the Senate held hearings on this bill, either.

Thank you very much. We appreciate the information.

S. 2098—EXTENSION SERVICE APPROPRIATIONS

TUESDAY, JULY 12, 1955

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met at 10 a. m., Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will please be in order.

Mr. Ferguson, I understand it will be necessary for you to leave early. We will take up S. 2098, and will be very glad to hear you now.

STATEMENT OF CLARENCE M. FERGUSON, ADMINISTRATOR, FEDERAL EXTENSION SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. FERGUSON. Thank you, Mr. Chairman and members of the committee.

The purpose of this legislation is to further amend the Smith-Lever Act to permit the appropriation and authorization of funds to areas which are what we would term "disadvantaged areas," the low-income areas.

I think you recall that the original Smith-Lever Act as amended in 1953 sets forth a pattern of allocation of funds on the basis of population: 4 percent of the funds are set aside for special purposes and the remaining 96 percent is divided half on the basis of rural population and half on the basis of farm population.

The purpose of this proposed legislation is to amend the act to permit the Congress to appropriate, and permit the Secretary of Agriculture to conduct special work in these areas. These folks are at some disadvantage or what we sometimes call the low-income areas.

The present act does not permit us to place funds at the disposal of these particular States and counties because of the limitation of the formula pattern. We feel that if this act could be amended in this fashion that it would permit us to develop a program that we feel is rather badly needed in these area where incomes are low, where folks are at some disadvantage financially, and where there is rather serious need which is not adequately being met at the present time.

Of course it is not intended that this should be entirely a new extension program. It is believed that this program should also include the extension of credit in other services, but in order for the Extension Service to carry out its part of the program, which we have for these people, it would be necessary for us to have some change in the legislation if we are to provide additional help in these particular areas.

We have a feeling that a great deal can be accomplished in these areas to develop assistance to some of these individual families, and also in the development of a community or communitywide program. We feel that these folks can contribute a great deal more than they are currently contributing to the general economy of the Nation. We feel that there is a need for some greater opportunity for these folks in the community and, while we do not believe that all of these folks will stay in these communities, we feel that opportunities need to be made for them to expand their economic status by finding some occupation probably beyond agriculture, but for those who stay in agriculture, to help them develop a sounder economic unit for that particular family.

That, I think, Mr. Chairman, is the general gist of this very brief amendment which is proposed to the Smith-Lever Act.

I shall be glad to try to answer any questions that you or the members of the committee may have.

The CHAIRMAN. Thank you very much, Mr. Ferguson. I would like to ask you a question or two if I may.

Mr. FERGUSON. Yes.

The CHAIRMAN. I understand that the allocations now being made to the States and counties would continue and there would be reallocation within the State and the particular communities?

Mr. FERGUSON. The present money appropriated under the present act, Mr. Chairman, would be appropriated according to the present formula. This particular amendment would permit the Congress, at its discretion, to appropriate special funds for disadvantaged areas.

The CHAIRMAN. In addition to funds that are now being appropriated?

Mr. FERGUSON. Yes.

The CHAIRMAN. In other words, this would not in any way interfere with the normal operations of the money that is now available, and would not upset any of the programs at the State level.

Mr. FERGUSON. That is correct.

The CHAIRMAN. It would authorize the Congress to appropriate money in addition to that?

Mr. FERGUSON. Yes.

The CHAIRMAN. The Secretary of Agriculture could allocate those funds to any particular community where he deemed the need was greater?

Mr. FERGUSON. Yes.

The CHAIRMAN. What do you contemplate doing in these areas which you say are disadvantaged, insofar as agricultural development is concerned? Would it be added supervision in the production or harvesting of crops, or just what is contemplated?

Mr. FERGUSON. We had one session with all of the States. I think you are familiar with the report recently published by the Department, the development of agricultural human resources. We have had one session with the State directors of extension to explore just what the opportunities and possibilities are that might be done. As we see this situation, of course, it is varied from State to State and from situation to situation. For instance, in that meeting it became quite apparent that the problem, for instance, in northern Minnesota and northern Michigan, and the northern Minnesota situation is quite different than that we find in the southern Appalachian area. So each of the

States is going to have to look at it pretty largely from the standpoint of the particular problem that exists in that area.

However, in general we feel that the development of a good sound community-development program, where the family of the communities would be banded together to help them work out a solution in that particular county, some of it would involve probably the intensification of agriculture of that community; some of it may involve a careful study of what is now being done in the community agricultural area, and a study possibly of switching from whatever the current production is into some other type of production; some of it may involve the problem of some of these small units being combined, if adequate employment can be found for some of the families, either through the introduction of industry into that community, or possibly of these folks finding employment somewhere else.

The CHAIRMAN. You are speaking of human resources and the proposal now is to improve the social and economic standards of the people who are in these areas, where they are disadvantaged through agricultural development.

Mr. FERGUSON. Yes.

The CHAIRMAN. Is it contemplated that you will furnish only aid and assistance to landlords who are on an uneconomic unit, or is the program comprehensive enough to deal with the human resources element of the low income tenant families?

Mr. FERGUSON. It would be broad enough, Mr. Chairman, to influence the total community.

The CHAIRMAN. I beg your pardon?

Mr. FERGUSON. It would be broad enough to influence the total community.

The CHAIRMAN. You find in some communities, for instance in my State, some prosperous farmers, farmers who are on a self-sustaining unit, and you will find adjacent to that a farmer who does not have enough land to sustain himself adequately.

Mr. FERGUSON. That is right.

The CHAIRMAN. Right next to them you will find a tenant, probably living on land where there is absentee ownership of the land, where the landlord is not available to furnish assistance, and yet at the same time they are just as human as some of these small homeowners.

Mr. FERGUSON. I would put it this way, that while the primary effort will be toward helping the low-income families, in the area, some of that help is going to have to come indirectly through landlords and others in the community.

So I would say that while the direct assistance would doubtless come directly to the low-income families, that indirectly it would have to have the cooperation and assistance of the landlords and of the folks in that community.

The CHAIRMAN. Of course you would have to have that cooperation, but I know that in the early days we had the home demonstration work, and the county agents and the home demonstration agents often dealt with the better-off farmers.

Mr. FERGUSON. That is right.

The CHAIRMAN. And apparently they did not pay much attention to the low-income group.

Mr. FERGUSON. Yes.

The CHAIRMAN. And that brought into creation the Farm Security Administration, and the Farmers' Home Administration. We found that the Farm Security Administration was undertaking to give too much supervision to the people, and we created the Farmers' Home Administration and that seems to be doing a good job for the people with whom they are dealing.

Mr. FERGUSON. Yes.

The CHAIRMAN. I think that is one of the agencies that has been very free from criticism.

Mr. FERGUSON. That is right.

The CHAIRMAN. In the section of the country I came from, there are a great many tenants who actually receive no assistance in any way or any advice of any kind.

Mr. FERGUSON. I think the Extension has been criticized, Mr. Chairman, and probably justly so, for spending a high percentage of its time with the better-to-do, more-progressive farmers.

That comes about this way, that those folks press the county agent and press the home agents to assist them and it is only natural for them, when you have limited resources, that the resources tend to go in the direction from which the pressure comes.

This will be an attempt to avoid some of that tendency, and put some people in that particular work to work with people who are not getting their assistance.

The CHAIRMAN. The county agent works with certain definite groups usually, the same way with the home demonstration agent.

Mr. FERGUSON. Yes.

The CHAIRMAN. In other words, neither one of them does very much for the poor farmer; the Farm Security Administration and the Farmers' Home Administration look after their own clients, the people to whom they lend money.

Mr. FERGUSON. Yes.

The CHAIRMAN. And then you have another group of tenants.

Mr. FERGUSON. Yes.

The CHAIRMAN. Who are receiving no assistance; I know that because I know we have areas where I do not know of any county agent or home demonstration agent ever visiting anyone of them. And yet they are the human beings that you are talking about right now.

Mr. FERGUSON. Yes.

The CHAIRMAN. And that is the group I would like to see somebody help.

Mr. FERGUSON. That is exactly the group to which this program is directed.

The CHAIRMAN. All right. I am very happy to see it, because I know there are tenants, and there are landlords probably who are doing all they can for them; but often the landlord is not available to be of any assistance to them.

Mr. FERGUSON. That is correct.

The CHAIRMAN. Mr. Andresen?

Mr. ANDRESEN. Mr. Ferguson, you mentioned northern Minnesota. What do you propose to do in northern Minnesota to help these folks?

Mr. FERGUSON. Mr. Andresen, I had a visit with the director of extension of the northern tier of counties of Minnesota, and he told me there were some 17 counties in the area in northern Minnesota, which has a good many families in that area; he did not, at the time

I visited with him, talk with me, because the program had not advanced to the point where he knew the kind of program that would be developed in the State, but the area which he discussed, and which showed a need for some development, covered about 17 counties in northern Minnesota.

Mr. ANDRESEN. I would like to have some idea of what you propose to do up there; what they propose to do, to find out whether the program means more production of basic agricultural commodities, and of commodities of which we have a surplus now.

Mr. FERGUSON. Well, in discussing it with Mr. Rutherford just recently, I think one of the things he sees quite an opportunity for up there is in the field of farm forestry. I think he feels definitely that there is an opportunity there for the development of forestry to a considerable degree in that territory.

Mr. ANDRESEN. Of course that is being developed now through the Forest Service.

Mr. FERGUSON. Yes.

Mr. ANDRESEN. And also through the State agency there?

Mr. FERGUSON. Yes.

Mr. ANDRESEN. Through the development of the forests and the farm crops and that sort of thing.

Mr. FERGUSON. Yes.

Mr. ANDRESEN. So it would possibly involve a duplication of effort?

Mr. FERGUSON. No; it would not be a duplication of effort; there should not be. I should say that if they decide up in that area to have a program—and they would have to make the decision, Mr. Andresen, because I am not familiar enough with the area I have visited to express an opinion as to what would be done in that area——

The CHAIRMAN. Will the gentleman yield?

Mr. ANDRESEN. Yes.

The CHAIRMAN. You speak of areas. You might find an area where 90 percent of the farmers are prosperous and do not need this assistance in any way but in approximately the same area you find people who are not doing so well. You are not going to confine it to areas to the exclusion of the minority, where the majority in the area are not in distress and leave out those areas, are you?

Mr. FERGUSON. Eventually we would hope that a program of this kind might be developed generally because we hope it will develop opportunities in all of these areas and I have just mentioned the low-income areas.

The CHAIRMAN. You do not mean just certain areas? Where do you find low-income areas, up in northern Minnesota or southern Minnesota? southern Mississippi? There are low-income people in just about all areas.

Mr. FERGUSON. There are low-income people in all areas of the country.

The CHAIRMAN. I mean, there may be more in certain areas than others.

Mr. FERGUSON. Yes.

Mr. ANDRESEN. Is it the purpose of this proposal to take care of the low-income people?

Mr. FERGUSON. The purpose of this proposal is to give more assistance to those folks who are economically disadvantaged because,

as I think Mr. Cooley has pointed out to you, there has been a tendency in some of the assistance programs to work with the more prosperous groups, because the pressures come from those families for assistance.

Mr. ANDRESEN. Would this be in the nature of a point-4 program for the United States?

Mr. FERGUSON. I do not know that I could make that comparison, Mr. Andresen.

Mr. ANDRESEN. I assume that it would teach people to do things that they do not know how to do now.

Mr. FERGUSON. I think the program has to have many facets to it, not only will it help people to do a better job with their land facilities and their natural resources which they have to work with but also we feel that there is need for very close cooperation with the Department of Health, Education, and Welfare in developing a general education program to help those folks, too, and provide opportunities for them which will permit them to move into other areas or into other occupations.

Mr. DIXON. Will the gentleman yield?

The CHAIRMAN. Any further questions?

Mr. Johnson.

Mr. JOHNSON. I notice you made reference to northern Minnesota and northern Michigan but not to Wisconsin.

Mr. FERGUSON. Yes. If I omitted Wisconsin, I intended to add Wisconsin.

The CHAIRMAN. Mr. Dixon?

Mr. DIXON. Last year our State agricultural college received about \$35,000 additional money with the instruction that we should employ more county agents and assistant county agents and that these men should be expert in farm management, that they should go to these low-income farms and the farms that were in uneconomical units and figure out what part of their activity paid and what part of their activity they were losing on, and try to develop with the farmer a plan that would help him to become self-supporting and operate his farm at a profit.

Is this act designed to do that same thing to a greater extent?

Mr. FERGUSON. To a greater extent. I think that the method has been emphasized last year and will be further emphasized and can be further emphasized under this act, Mr. Dixon.

Mr. DIXON. There is no direct aid in connection with it?

Mr. FERGUSON. No.

Mr. DIXON. To the farmer himself? No direct financial aid at all?

Mr. FERGUSON. No.

Mr. DIXON. I wish to commend it; I think it is one of the finest ideas that I have ever seen to help the low-income farmers. I saw it work last year and it proved to be a good thing.

The CHAIRMAN. Mr. McIntire.

Mr. MCINTIRE. Mr. Ferguson, would there be an attempt made to make sure that each State had some part of these funds; that is, is the criteria as to low-income areas flexible enough so that each State would have some part of these funds proportionately, perhaps, rather than let the program be set up and become concentrated perhaps on a regional basis?

Mr. FERGUSON. No; I do not think it would be set up on a regional basis. I think that every State would have an opportunity to look at the situation and make the decision for itself.

Mr. McINTIRE. Thank you.

The CHAIRMAN. Mr. Hagen?

Mr. HAGEN. Mr. Ferguson, as I understand it, this is the administration's program for the small farmer, and I am just wondering about it. The New Deal struggled with the so-called marginal farmers for years—and they had some programs which were valuable, which possibly suffered from lack of sufficient appropriation, and we still have the problems. There are not as many problems, perhaps, with sharecroppers and as to the number of tenants, and we have had improvements made since the late thirties, up to date.

What kind of a new approach is this, if it is a new approach, or what kind of a bold approach is it to this kind of a problem? As I say, this is the administration's program for the small farmer. Is this not a kind of wishy-washy way to go about that problem?

Mr. FERGUSON. I would say that this particular phase of it, Mr. Hagen—the total program, of course, envisions very close cooperation with Health, Education, and Welfare, with Labor and with Commerce, with the idea that in areas where it is possible industry will be encouraged to move in and provide, for many of these families, some part-time employment. The part that the Extension Service will play in this will be particularly for those families who are remaining on that land to help them to do the best possible job they can to develop an economic unit, with further opportunities to develop such things as 4-H Clubs and activities of that kind, and to give some of the families an opportunity to explore the possibility at least of other occupations.

Mr. HAGEN. In other words, to get off the farm?

Mr. FERGUSON. That is right; I think some of them may want to do that; they are actually, if you take the Nation as a whole, in the high income and low income, both; only about 50 percent of the youngsters who are now on the farm are going to stay on the farm. And in the low-income areas—I do not know just what that figure is, but I understand it is somewhat higher, for those who are leaving the farm. And I think we also have to say that with these people from these communities have come some very fine leadership, some very excellent leadership has grown out of these communities. That, I think, should be encouraged.

Mr. HAGEN. For example, what are you going to say to a tenant who is farming 20 acres of cotton, or some other crop, and he gives the landlord a percentage of the crop, and I am not sure what the practice is everywhere, but sometimes it may be a third or a half, and the landlord probably directs what he grows on that land. What kind of advice are you going to give him?

Mr. FERGUSON. I think if I were assigned to that particular situation, as a county Extension worker, the first thing I would want to do with that particular family or group of families is to find out from them just what kind of a situation they want to find themselves in in the future, whether they want to go along with that kind of an economy or whether they want to do something else from that. Then I think we would have to sit down and work with them on what

could be done. It may mean more land; and if it means more land, it may mean displacing somebody and that somebody is going to have to find a profitable occupation someplace else.

If it does not mean more land, it may mean a change in the type of crop produced. For instance, I have recently run across an example in one county where they introduced the growth and production of strawberries in the county. And they have done very well in boosting the income of that county through the development of a new crop, and a new source of income which had not been provided, and a new crop that had not been provided in that community.

I think there are opportunities of that kind that would have to be worked out on the ground with the folks in the community, and in relation to the markets that are there currently, and the potential markets that could be developed.

Mr. HAGEN. However, you do not think that is the complete answer to the problem of those farmers? You do not have some definite recommendation or program that you would want to present?

Mr. FERGUSON. Oh, definitely.

Mr. HAGEN. For those who are on the land?

Mr. FERGUSON. Oh, definitely. If he is going to stay there and he has a credit problem, then it would be a matter of working out his own management program on that farm. And it seems to me that we ought to be able to help him to see what his credit needs and where he can get the credit and the kind of credit that he needs and that sort of thing.

Mr. HAGEN. I think we also might very well consider—if you are going to encourage this man to seek industrial employment—the alternative to abandoning the farm as part-time employment, I think there is something else that we should be concerned with and that is the question of the minimum wage he receives.

Mr. FERGUSON. That is right.

Mr. HAGEN. Because that contributes materially to his economic level.

Mr. FERGUSON. That is right.

Mr. HAGEN. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Ferguson, is it contemplated that the States and counties will contribute to this particular activity of the Federal Government in the same fashion as this program is now carried on?

Mr. FERGUSON. Definitely it is, Mr. Cooley. This particular provision of the act would not require matching of funds.

The CHAIRMAN. It would not require them?

Mr. FERGUSON. It would not require matching of funds, for this reason, that many of these counties and communities have difficulties, you see, because of the relatively low tax base.

The CHAIRMAN. That is the point. You say it will not require matching funds?

Mr. FERGUSON. It would not.

The CHAIRMAN. Is it contemplated that in some counties they might, with funds made available under this authority, that they might employ Extension workers to work with these local communities?

Mr. FERGUSON. That is the intention, yes.

The CHAIRMAN. Mr. Lovre.

Mr. LOVRE. Mr. Ferguson, as I understand it, the main objective of this amendment is to more or less provide counsel and advice to the individual farmers, is it not?

Mr. FERGUSON. Yes.

Mr. LOVRE. And coordinate the various programs that the Government is operating now?

Mr. FERGUSON. That is correct.

Mr. LOVRE. And undoubtedly it will be some time before you can have definite programs set up; those are the things that will have to be developed later?

Mr. FERGUSON. I think it will take some time and any attempt now would simply be a guess. What we are proposing here is a study to try, in about 50 counties, to see what we can do, what would be good for them, what we can accomplish, and how the program will work out.

Mr. LOVRE. In other words, about 50 pilot plant operations?

Mr. FERGUSON. Yes. Take counties where we can develop the idea and see how it works out.

Mr. LOVRE. And those counties will be spread throughout the country?

Mr. FERGUSON. Yes.

Mr. LOVRE. And in various types of agriculture?

Mr. FERGUSON. Yes.

Mr. LOVRE. That is all, Mr. Chairman.

The CHAIRMAN. Mr. King?

Mr. KING. Mr. Ferguson, in what way does this enlarged authority add to the authority that the Department of Agriculture now has?

Mr. FERGUSON. The only thing it does, Mr. King, is to amend the act to permit Congress to appropriate funds outside the formula. The present Extension funds are all allocated to States on a formula basis. This would permit the Congress, from time to time, as it saw fit, to appropriate funds outside the formula, for this particular purpose, to assist low income families.

Mr. KING. This assistance would be in the form of instruction; you are not contemplating funds that would be paid out in cash to the farmers?

Mr. FERGUSON. No; not through Extension.

Mr. KING. It is not a relief program?

Mr. FERGUSON. No. The Extension phase about which we are concerned here, and about which this legislation specifically deals, will bear only on the educational phase. I think you will find that the Farmers' Home Administration and the Soil Conservation and other services are expected to expand their efforts in these same areas. That will be a collateral effort; it will be a joint effort on the part of the various agencies concerned.

Mr. KING. Does this just expand the Extension work or is this setting up another agency?

Mr. FERGUSON. This just expands the Extension work.

Mr. KING. Expands it?

Mr. FERGUSON. Yes.

Mr. KING. Why not just expand the Extension program?

Mr. FERGUSON. The Extension Service, the present law, allocates the funds on a formula basis and the money does not meet the needs in these areas which have a high percentage of low-income families.

Mr. DIXON. And it requires matching now?

Mr. FERGUSON. And it requires matching; yes. And in many of these cases the counties do not have adequate tax base.

The CHAIRMAN. Inadequate what?

Mr. FERGUSON. Tax base, local tax base.

The CHAIRMAN. Mr. Laird?

Mr. LAIRD. Are there Extension workers available now to fill these jobs?

Mr. FERGUSON. Yes. We have not had much trouble in securing Extension agents to fill the jobs.

Mr. LAIRD. Have you selected any of the demonstration counties?

Mr. FERGUSON. No.

Mr. LAIRD. Have you asked for recommendations from the State directors?

Mr. FERGUSON. No. We have had a meeting with the State directors in anticipation of this program and they are, at the present time, developing committees and working with the various States to see what they will come up with. The selection of the counties and the final analysis of what the program must be, of course, must be at the State and county level.

Mr. LAIRD. Thank you.

The CHAIRMAN. Mr. Matthews.

Mr. MATTHEWS. Mr. Ferguson, I had the pleasure of serving for about 7 years—7 years assisting the 4-H Club program in Florida—and naturally I am in favor of everything that the Extension is doing. This sounds like a very fine program and I want to emphasize 1 or 2 things that have been pointed out.

One of the problems which you have now, because of the matching formula under the present act, is that you cannot go into these little low-income areas and give them that special type of service which they need.

Mr. FERGUSON. Not to the extent we believe they are needed; no.

Mr. MATTHEWS. Then actually the purpose of this legislation is to permit you, as has been indicated, to expand your service?

Mr. FERGUSON. Yes.

Mr. MATTHEWS. And get into these areas that need help at the present time which you feel you have not been able to help?

Mr. FERGUSON. Yes. We feel that there are many areas that need special help that we are not able to give them at the present time, under this formula.

Mr. MATTHEWS. Now, Mr. Ferguson, I was particularly interested in your comment that some of this increased activity would reflect itself in the 4-H Club work and I know you are familiar with this, but I could tell you a very wonderful story of how that one organization has raised the standard of the agricultural people in my area to an almost unbelievable extent. I think the program of youth training, which has always been so good, also needs to be expanded, and certainly is one of the fine fields where additional work needs to be done.

Mr. FERGUSON. Yes.

Mr. MATTHEWS. And I am very much pleased with it.

Mr. FERGUSON. I am sure that that is very important, Mr. Matthews, because, after all, I guess where we will do our most good is with the generation that is growing up.

Mr. MATTHEWS. I know you will have some systematic way of

getting these pilot counties. I imagine—and I read the President's report with regard to these low-income areas——

Mr. FERGUSON. Yes.

Mr. MATTHEWS. And possibly you would go into those areas to select your counties?

Mr. FERGUSON. Yes.

Mr. MATTHEWS. After proper consultation with the State officials?

Mr. FERGUSON. With the State people; yes.

Mr. MATTHEWS. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Ferguson.

We have several other bills for consideration and we will have to move along.

Mr. FERGUSON. Thank you, Mr. Chairman.

(Whereupon the committee proceeded to the consideration of other business.)

S. 1757—INSPECTION OF AGRICULTURAL COMMODITIES

WEDNESDAY JULY 27, 1955

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

[S. 1757, 84th Cong., 1st sess.]

AN ACT To amend the Act known as the "Agricultural Marketing Act of 1946", approved August 14, 1946

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (h) of section 203 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1622 (h)) is hereby amended by adding at the end thereof the following new sentence: "Whoever shall violate any provision of any regulation promulgated by the Secretary of Agriculture to govern the possession or use of certificates, memoranda, marks, or other identifications with respect to inspection, class, grade, quality, size, quantity or condition, or devices for making such marks or identifications, issued or authorized under this Act, or falsely make, issue, alter, forge, or counterfeit any such certificate, memorandum, mark, identification, or device, or knowingly cause or procure, or aid, assist in, or be a party to, such violation, false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true or cause to be uttered, published, or used as true any such false, altered, forged, or counterfeited certificate, memorandum, mark, identification, or device, or in any manner make any false or deceptive representation in connection with any United States standard or inspection, grading, or certification service issued or authorized under this Act shall be fined not more than \$1,000 or imprisoned not more than one year, or both."

SEC. 2. The farm produce inspection clause contained in various appropriation Acts (7 U. S. C. 414) and the second, third, and fourth sentences of section 1 of the Produce Agency Act of March 3, 1927 (7 U. S. C. 492) are hereby repealed.

Passed the Senate June 17 (legislative day, June 14), 1955.

Attest:

FELTON M. JOHNSTON,
Secretary.

[S. Rept. No. 562, 84th Cong., 1st sess.]

INSPECTION OF AGRICULTURAL COMMODITIES—PENALTIES

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1757) to amend the act known as the Agricultural Marketing Act of 1946, approved August 14, 1946, having considered the same, report thereon with a recommendation that it do pass with amendments.

This bill, which was introduced at the request of the Department of Agriculture, would: (1) remove any question which may have resulted from a change in appropriation language as to the applicability of penalties for forgery of inspection certificates covering agricultural commodities, and (2) expand and tighten provisions for such penalties.

Section 14 (b) of the Perishable Agricultural Commodities Act (7 U. S. C. 499n (b)) now provides penalties for forgery of inspection certificates issued under that act, the Produce Agency Act of March 3, 1927 (7 U. S. C. 491-497), "or any Act making appropriations for the Department of Agriculture." The Department of Agriculture appropriation acts for 1954 and preceding years contained appropria-

tions "for investigating and certifying, in one or more jurisdictions, to shippers and other interested parties the class, quality, and condition of any agricultural commodity or food product, whether raw or processed, and any product containing an agricultural commodity or derivative thereof when offered for interstate shipment or when received at such important central markets as the Secretary may from time to time designate, or at points which may be conveniently reached therefrom under such rules and regulations as he may prescribe, including the collection of such fees as are reasonable and as nearly as may cover the cost of the service rendered."

This language was omitted from the 1955 and 1956 acts since authority for such inspection is authorized by the Agricultural Marketing Act of 1946 and other laws. The 1955 appropriation act provided simply for carrying on "service to improve and develop marketing and distribution relating to agriculture as authorized by the Agricultural Marketing Act of 1946 (7 U. S. C. 1621-1627) and other laws, including the administration of marketing regulatory acts connected therewith."

This change in appropriation language raises the question as to whether inspection certificates issued under the Agricultural Marketing Act of 1946 are issued under an "Act making appropriations for the Department of Agriculture" and so covered by the penalty provisions of section 14 (b) of the Perishable Agricultural Commodities Act (which is the only act providing penalties for forgery of such inspection certificates issued under the Department's authority). Practically all inspections now carried on under the Department's authority, except those for cotton, tobacco, naval stores, and commodities covered by the United States Grain Standards Act, are carried on under the Agricultural Marketing Act of 1946. Those for fresh and frozen fruits and vegetables could be carried on under the Perishable Agricultural Commodities Act, but as a matter of fact are carried on under the 1946 act. S. 1757 by inserting a penalty provision in the Agricultural Marketing Act of 1946 covering inspection certificates issued under that act would remove any doubt as to the penalty for forging such certificates. It would also tend to reduce the confusion which has existed heretofore as a result of prosecutions being brought under the Perishable Agricultural Commodities Act for forgery of inspection certificates for commodities not subject to that act.

The penalty provision which would be added to the Agricultural Marketing Act of 1946 by S. 1757 is more inclusive and stricter than the penalty provision of the Perishable Agricultural Commodities Act in the following respects:

(1) It covers violations of such regulations as may be issued to govern the use of inspection certificates, memoranda, marks, and devices. This authority might be used to cover such things as possession of grade stamps, destruction or preservation of certificates, and use or reuse of marked bags. One matter that it is intended to cover is the use of the letters "U. S. D. A." and grade designations on meat.

(2) It is applicable to memoranda, marks, identifications, and devices, as well as inspection certificates. Thus forgery of grade stamps would be covered.

(3) It covers the use, as well as publication or utterance, of false material. Thus a retailer who knowingly used false certificates uttered by his supplier would be covered.

(4) It omits the requirement of the Perishable Agricultural Commodities Act that the act be done "for a fraudulent purpose." Proof of this element has created some problems in the past.

(5) As introduced, it covers false or deceptive representations in connection with any United States standard or service issued or authorized under the Agricultural Marketing Act of 1946. Insofar as this provision is applicable to inspection services, it would prevent false advertising, false labeling of display counters, and similar practices, and your committee believes this to be a proper purpose. Insofar as it applies to other services authorized under the act, it might cover deceptive representation in connection with marketing or cost studies, market information, or any service designed to facilitate the marketing, distribution, processing, and utilization of agricultural products through commercial channels. Your committee feels that this would go beyond the intended scope of the bill and recommends that this provision be limited to standards and inspection services.

(6) It provides for a maximum fine of \$1,000 instead of \$500. Violations would continue to be misdemeanors under 18 United States Code 1 since the maximum term of imprisonment would be 1 year.

Any rules issued under the proposed provision would be required by section 3 of the Administrative Procedure Act (5 U. S. C. 1002) to be published in the

Federal Register. Section 4 of that act provides for advance notice and an opportunity for interested persons to submit views before such rules may become effective.

The committee amendments would (1) make it clear that possession of true certificates, etc. contrary to the Secretary's regulations, or possession of false certificates, etc. without notifying the Secretary, would be covered by the bill; (2) limit the bill to wrongdoing in connection with inspection, grading, and certification services; and (3) repeal the farm produce inspection clause and the provisions of the Produce Agency Act which provide for the inspection of agricultural commodities. The provisions to be repealed duplicate in part the authority contained in the Agricultural Marketing Act of 1946, and are no longer used or needed.

The letter from the Department of Agriculture requesting this legislation is attached.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., April 13, 1955.

The VICE PRESIDENT,
United States Senate.

DEAR MR. VICE PRESIDENT: There is transmitted herewith for consideration by the Congress proposed legislation to amend the Agricultural Marketing Act of 1946. The amendment provides additional safeguards against forgery or alteration of inspection certificates, unauthorized use of official grade marks or designations, and false or deceptive reference to United States grade standards or services.

Under existing legislation a provision of the Perishable Agricultural Commodities Act of 1930 provides for a fine or imprisonment, or both, for forgery, alteration, or other misuse of inspection certificates issued under that act or under any act making appropriations for the Department of Agriculture (7 U. S. C. 499n (b)). This is the only statute protecting the integrity of such certificates issued by the Department or by Federal-State permissive inspection or grading services for meat, dairy, poultry, fruits, vegetables, and related products. In the fiscal year 1954 and prior years the annual agricultural appropriation acts authorized the inspection and grading of agricultural commodities and the issuance of appropriate certificates therefor. Similar authority for such inspection and grading services was also provided in the Agricultural Marketing Act of 1946. In the interest of simplifying the appropriation language by eliminating therefrom language for which there was adequate authority in other acts, the 1955 appropriation no longer refers to the issuance of certificates for inspection and grading services. Such certificates are issued under authority of the Agricultural Marketing Act of 1946, which does not contain a penalty provision such as that in the Perishable Agricultural Commodities Act. To clarify this matter, particularly since a criminal penalty is involved, and to assure continuation of this protection for all inspection certificates, this proposed legislation is needed. It is desirable to amend the Agricultural Marketing Act rather than the Perishable Agricultural Commodities Act since the basic provisions of the latter act are applicable only to fresh and frozen fruits and vegetables, while this safeguard for official certificates applies to all commodities.

It is proposed that the statute be further amended to prohibit the unauthorized use of official grade marks or designations and the making of false or deceptive references to United States grade standards or inspection services. Inspection or grading for quality by the USDA is an integral part of the marketing function for many of these important agricultural products. False, deceptive, or unauthorized marks or claims concerning the United States grades or the Government inspection relating thereto are detrimental to the best interests of the producer, distributors, and consumers. At present the Department has no direct protection for itself or for the public against such practices.

The amendment includes the imposition of a fine not to exceed \$1,000 for violation of the act. This is consistent with provisions of other laws under which the inspection and grading of agricultural commodities are authorized.

Additional funds, if any, required for the administration of the act by reason of the enactment of this statute would be small and would depend on the regulations issued governing the use of official grade marks.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this proposed legislation.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX, of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 203 (b) OF THE AGRICULTURAL MARKETING ACT OF 1946

"(h) To inspect, certify, and identify the class, quality, quantity, and condition of agricultural products when shipped or received in interstate commerce, under such rules and regulations as the Secretary of Agriculture may prescribe, including assessment and collection of such fees as will be reasonable and as nearly as may be to cover the cost of the service rendered, to the end that agricultural products may be marketed to the best advantage, that trading may be facilitated, and that consumers may be able to obtain the quality product which they desire, except that no person shall be required to use the service authorized by this subsection. Any official certificate issued under the authority of this subsection shall be received by all officers and all courts of the United States as prima facie evidence of the truth of the statements therein contained. *Whoever shall violate any provision of any regulation promulgated by the Secretary of Agriculture to govern the possession or use of certificates, memoranda, marks, or other identifications with respect to inspection, class, grade, quality, size, quantity or condition, or devices for making such marks or identifications, issued or authorized under this Act, or falsely make, issue, alter, forge, or counterfeit any such certificate, memorandum, mark, identification, or device, or knowingly cause or procure, or aid, assist in, or be a party to, such violation, false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true or cause to be uttered, published, or used as true any such false, altered, forged, or counterfeited certificate, memorandum, mark, identification, or device, or in any manner make any false or deceptive representation in connection with any United States standard or inspection, grading, or certification service issued or authorized under this Act shall be fined not more than \$1,000 or imprisoned not more than one year, or both.*"

FARM PRODUCE INSPECTION CLAUSE CONTAINED IN 1954 AND PRECEDING APPROPRIATION ACTS (7 U. S. C. 414)

"§ 414. Investigation and certification of condition, etc., of any agricultural commodity or food product offered for interstate shipment

"[Investigations and certifications are authorized, in one or more jurisdictions, to shippers and other interested parties the class, quality, and condition of any agricultural commodity or food product, whether raw or processed, and any product containing an agricultural commodity or derivative thereof when offered for interstate shipment or when received at such important central markets as the Secretary may from time to time designate, or at points which may be conveniently reached therefrom under such rules and regulations as he may prescribe, including the collection of such fees as are reasonable and as nearly as may cover the cost of the service rendered.]"

SECOND, THIRD, AND FOURTH SENTENCES OF SECTION 1 OF THE PRODUCE AGENCY ACT OF MARCH 3, 1927

"[The Secretary of Agriculture shall by regulation provide for the making of prompt investigations and the issuing of certificates as to the quality and condition of produce received in interstate commerce or in the District of Columbia, upon application of any person, firm, association, or corporation shipping, receiving, or financially interested in, such produce. Such regulations shall designate the classes of persons qualified and authorized to make such investigations and issue such certificates, except that any such investigation shall be made and any such certificate shall be issued by at least two disinterested persons in any case where such investigation is not made by an officer or employee of the Department of Agriculture or of any State or political subdivision thereof or of the District of Columbia. A certificate made in compliance with such regulations shall be prima facie evidence in all Federal courts of the truth of the statements therein contained as to the quality and condition of the produce; but if any such certificate is put in evidence by any party, in any civil or criminal proceeding, the opposite party shall be permitted to cross-examine any person signing such certificate,

called as a witness at the instance of either party, as to his qualifications and authority and as to the truth of the statements contained in such certificate.]"

Comparison of the language of section 14 (b) of the Perishable Agricultural Commodities Act with the language proposed to be added by S. 1757 to section 203 (h) of the Agricultural Marketing Act of 1946 (language contained only in section 14 (b) is enclosed in black brackets; language contained only in S. 1757 is printed in italic; language contained in both is shown in roman):

"Whoever shall violate any provision of any regulation promulgated by the Secretary of Agriculture to govern the use of certificates, memoranda, marks, or other identifications with respect to inspection, class, grade, quality, size, quantity or condition, or devices for making such marks or identifications, issued or authorized under this Act, or falsely make, issue, alter, forge, or counterfeit any such certificate, memorandum, mark, identification, or device, or knowingly cause or procure [to be falsely made, issued, altered, forged, or counterfeited], or [willingly] aid, [cause, procure or] assist in, or be a party to, such violation, [the] false making, issuing, altering, forging, or counterfeiting [of any certificate of inspection issued under authority of this Act, the Produce Agency Act of March 3, 1927 (7 U. S. C., sec. 491-497), or any Act making appropriations for the Department of Agriculture;], or whoever knowingly shall utter [or], publish, or use as true or cause to be uttered [or], published, or used as true any such false, [forged,] altered, forged, or counterfeited certificate, memorandum, mark, identification, or device, or in any manner make any false or deceptive representation in connection with any United States standard or service issued or authorized under this Act [for a fraudulent purpose, shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than \$500 or by imprisonment for a period of not more than one year, or both, at the discretion of the court] shall be fined not more than \$1,000 or imprisoned not more than one year, or both."

Mr. POAGE. On this bill Mr. Lennartson is here.

**STATEMENT OF ROY W. LENNARTSON, DEPUTY ADMINISTRATOR
FOR MARKETING SERVICE, AGRICULTURAL MARKETING SERVICE;
CLARENCE E. GIRARD, OFFICE OF THE GENERAL COUNSEL;
AND NATHAN KOENIG, SPECIAL ASSISTANT TO THE ADMINISTRATOR,
AGRICULTURAL MARKETING SERVICE, UNITED STATES
DEPARTMENT OF AGRICULTURE**

Mr. LENNARTSON. I appreciate the opportunity to appear before the committee here to discuss the intentions of H. R. 6744 which is reflected in Senate bill 1757.

Mr. POAGE. Let me ask you, Did you appear before the Senate?

Mr. LENNARTSON. The Senate I understand did not hold hearings on the bill.

Mr. ANDRESEN. I would like to ask you and your staff wherein does this bill change existing law and what is the need for change?

Mr. LENNARTSON. Mr. Andresen, what we are seeking here is some additional safeguards against the alteration of our official inspection certificates, the unauthorized use of official grade marks, and the false or deceptive reference to official grade standards and the services we perform.

Mr. ANDRESEN. Don't you have any law now that prohibits the unofficial use of grade marks?

Mr. LENNARTSON. We do under the Perishable Agricultural Commodities Act, but that is basically designed to protect only fresh fruits and vegetables. What we are seeking here is some legislation which will protect not only fresh fruits and vegetables but meats, dairy and poultry products and things of that nature.

Mr. ANDRESEN. Will you cite just what the trouble is and the reason you want this law?

Mr. LENNARTSON. I think I can give you a specific illustration. It is happening frequently with respect to the grading of meat. Federal meat grading has become an extremely important industry of merchandising, with the result that we are finding too frequently people or firms who are developing fictitious rollers and rolling that meat, implying that it has been officially graded. If we were servicing a firm under the Inspection Service and found them doing that, we could naturally withdraw any privileges of further use of the Service to them.

In that respect we can take care of that but we find too many instances where this type of activity is growing on the part of people who do not use the Service and our hands are tied with respect to imposing any penalties upon them.

Mr. ANDRESEN. Then you say you found cases where they used the Government grading roller and roll it over the meat?

Mr. LENNARTSON. It isn't a Government grade roller. It is a roller they have developed indicating it is an official roller.

Mr. ANDRESEN. It is a counterfeit roller?

Mr. LENNARTSON. Yes.

Mr. ANDRESEN. Can't you do anything about that?

Mr. LENNARTSON. We cannot, unfortunately.

Mr. ANDRESEN. You can do something if there is counterfeit money or counterfeit postage stamps.

Mr. LENNARTSON. We have no power under our present authority to penalize them or take them to court.

Mr. GIRARD. Under the Perishable Agricultural Commodities Act we could impose criminal sanctions for forging of certificates. When they use a roller they are not forging any Government certificate, they are going out and misrepresenting to the public that something has been inspected when in fact it has not been inspected.

The other aspect of the need for the legislation is that under the Perishable Agricultural Commodities Act the certificate forgery violations apply only to the inspection of farm commodities under that act or the annual appropriations act.

Since 1954 specific authority has not been included in the annual appropriations act for inspection of farm commodities. We are relying on the authority contained in the Agricultural Act of 1946. Consequently, there is a serious question to whether we could impose any sanctions in connection with the forging of official inspection certificates where we are making the inspection under the Agricultural Act of 1946 rather than the annual appropriation act or the Perishable Agricultural Commodities Act.

So it is necessary that we have that aspect of the situation clarified so that we can move against those who alter or forge inspection certificates under the so-called permissive inspection services.

Mr. ANDRESEN. Does this illegal stamping of meat take place in regular packing plants?

Mr. LENNARTSON. It could be in a jobber. It could be done in the marking place. In one place we found it was done in the truck when the truck was en route.

Mr. ANDRESEN. That was on meat that was slaughtered outside of the packing plant?

Mr. LENNARTSON. It could have been slaughtered—we are talking about grading. If it is under inspection and the plant is under BA

inspection, the meat could be properly inspected. We are addressing ourselves to grading for quality which could be done after it left the plant. That is normally where it is done.

Mr. ANDRESEN. As I recollect some of this took place during the war years when we had rationing, but I don't know whether you were with the Department then or not.

Mr. LENNARTSON. I was in the Army.

Mr. ANDRESEN. In the same branch?

Mr. LENNARTSON. With the Quartermaster Market Center in the Army.

Mr. HOEVEN. Do these violations relate only to meat or to other agricultural products?

Mr. LENNARTSON. We find them relating occasionally to other, but primarily in the meat field.

Mr. HOEVEN. Do they relate to vegetables?

Mr. LENNARTSON. Yes, you have occasional instances where they relate to dairy and poultry products, fruit and vegetables.

Mr. GIRARD. With respect to poultry our more frequent violations are claims that poultry has been United States inspected or graded when in fact they have not been so inspected or graded, and there is nothing we can do about that. This bill of course would cover that situation.

Mr. KING. Do I understand correctly that you propose substitute language for this bill to make it different from the printed bill we have?

Mr. LENNARTSON. That is correct. Subsequent to the passage of Senate 1575, representatives from industry came in and discussed this matter with us, feeling that probably the authority in the Senate bill was too broad for our objective. Frankly, we agree with them that it probably is too broad in that through regulation the Department could possibly go beyond the area of the official inspection service or the official inspection service. Our purpose, frankly, was to limit our authority here to the official inspection services and the official inspection certificates and marks. So we are agreeable and in fact joined with them in developing some substitute language which modifies the Senate bill.

Mr. KING. Do you have that substitute language?

Mr. LENNARTSON. The substitute language has been furnished to the counsel of the committee. Mr. Girard is in position to point out the minor differences that do occur in the two.

Mr. POAGE. We will be glad to hear from him.

Mr. LENNARTSON. We have a copy of the language we are in agreement on.

Mr. HOEVEN. Section 2, you propose to repeal certain provisions relating to farm-produce inspection laws. What do you repeal?

Mr. GIRARD. With respect to section 2 we have no objection to that. The section merely eliminates some duplicating language which the Department is not utilizing as authority for inspection. Of course there is a question as to whether the codified language which is contained in 7 U. S. C. 714, which is no longer continued in the appropriation bills, still obtains.

Mr. HOEVEN. You have no objection to repealing the section?

Mr. GIRARD. No, sir. As a matter of fact, I have prepared a comparison of the language in S. 1757 with the language of the

proposed substitute and I have several copies here which I will be glad to make available to the committee.

Mr. POAGE. This proposed substitute is approved by the trade as well as by the Department?

Mr. GIRARD. That is correct. This substitute only changes the Senate bill in several respects. Firstly, it deletes the criminal sanction for violations of the regulations of the Department of Agriculture, makes only a crime the violations specified in the act itself. Now of course in that connection I think we should point out that to determine whether something is an official memorandum, certificate, mark, or device it will need a regulation of the Department as to describe what would constitute such an official memorandum and so on. To that extent the regulations would have some effect upon your prosecution, but the prosecutions would not be for violation of the regulation but rather a violation of this provision of the act.

Secondly, the industry thought that we were too broad and general with respect to any false or deceptive representation in connection with the service.

Now you will note in the substitute we are merely proposing to make it a crime for any representation that an agricultural product has been officially graded or inspected when in fact it has not been. Of course when a person utters a false or forged certificate, mark, or device, he is guilty of a misrepresentation but that type of misrepresentation would be covered with specific language applicable to that type of act.

Mr. ANDRESEN. You require that must be done knowingly?

Mr. GIRARD. That is right. We also inserted, at the suggestion of industry, that it be knowingly done so as to avoid any inadvertant or innocent violation or being subject to criminal action.

Mr. ANDRESEN. Wouldn't the fact that a seller of such product, putting a stamp on it, wouldn't that be prima facie evidence he did know?

Mr. GIRARD. Very definitely. But still he could come in and show that that was not the case, that he didn't know that the product which he was handling was subject to any violations by other persons in which he did not participate. In other words, he is innocent of any wrongdoing. I think while we would have a prima facie case it could be rebutted by evidence he would present and even in our investigation if it disclosed he was innocent of wrongdoing or any knowledge we wouldn't refer the matter to the Department of Justice.

Mr. ANDRESEN. You are proposing the language in the draft as a substitute?

Mr. GIRARD. Yes. It only modifies the Senate language in two important respects and inserts the word "knowingly" and also describes the various memoranda as being official memoranda rather than just general memoranda which may be used in connection with the service.

Mr. KING. Just one question. Is there anything in the proposed language here that in any way limits the use of secondhand packages which may have a previous grade mark, which may have a grade mark put on by a previous user.

Mr. GIRARD. I would interpret the amended language as well as Senate language as precluding that unless the grade of the commodity which is put in the used package does meet that grade. In other

words, if they put it in a used sack labeled U. S. No. 1 and the product is U. S. No. 1, there is no violation, but if they merchandise something in a container which is erroneously labeled, it seems to me they are knowingly falsely misrepresenting or using a United States grade designation for a commodity, they are using it falsely.

Mr. KING. Not with willful deception, however, in all cases where secondhand packages are used buyers get them and they are usually used on a product not sold by grade. In the vegetable business is there anything in this bill that will require a user of secondhand packages to go over all his secondhand packages and eliminate grade marks put on by the previous user—it would kill the secondhand package business.

Mr. GIRARD. He would have to represent it as an official grade. If he put it out he may have a prima facie case of a violation if we show he has been representing by word, act, or label that the commodity has been inspected, when in fact it has not.

For example, if he should put out containers which said United States Government inspected and approved, or passed or graded or what have you, then if he starts merchandising commodities in that type of container, I think that he is representing falsely that the commodity in those containers has been inspected, even though those containers may have been used previously legitimately after such inspection.

Mr. KING. He wouldn't be in trouble if he used a package that has a U. S. No. 1 grade stamp on it if he is selling merchandise that doesn't sell by grade at all.

Mr. GIRARD. No.

Mr. KING. There are a lot of farmers who fear any legislation that would require them to eliminate all grade marks from secondhand packages because it would be very expensive.

Mr. LENNARTSON. Some of the industry representatives feared that.

Mr. KING. A lot of merchandise sells without any pretense of grade.

Mr. POAGE. Are there further questions?

Are there further statements from you gentlemen?

Does any one else in the room want to make a statement about this bill?

Mr. KITCHENS. I am C. W. Kitchens, United Fresh Fruit and Vegetable Association. We were among those who objected to the language of the Senate bill as being too broad. We have been conferring with representatives in the Department of Agriculture and we are satisfied with the substitute that is offered this morning.

Mr. POAGE. If there is nothing further, we will adjourn.

(Whereupon, at 11:50 a. m. the committee was recessed subject to call.)

84TH CONGRESS
1ST SESSION

S. 1757

IN THE SENATE OF THE UNITED STATES

APRIL 20 (legislative day, APRIL 18), 1955

MR. ELLENDER (by request) introduced the following bill; which was read twice
and referred to the Committee on Agriculture and Forestry

A BILL

To amend the Act known as the "Agricultural Marketing Act of
1946", approved August 14, 1946.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That subsection (h) of section 203 of the Agricultural Mar-
4 keting Act of 1946 (7 U. S. C. 1622 (h)) is hereby
5 amended by adding at the end thereof the following new
6 sentence: "Whoever shall violate any provision of any regu-
7 lation promulgated by the Secretary of Agriculture to govern
8 the use of certificates, memoranda, marks, or other identifica-
9 tions with respect to inspection, class, grade, quality, size,
10 quantity or condition, or devices for making such marks or
11 identifications, issued or authorized under this Act, or falsely

1 make, issue, alter, forge, or counterfeit any such certificate,
2 memorandum, mark, identification, or device, or knowingly
3 cause or procure, or aid, assist in, or be a party to, such
4 violation, false making, issuing, altering, forging, or counter-
5 feiting, or whoever knowingly shall utter, publish, or use as
6 true or cause to be uttered, published, or used as true any
7 such false, altered, forged, or counterfeited certificate, memo-
8 randum, mark, identification, or device, or in any manner
9 make any false or deceptive representation in connection with
10 any United States standard or service issued or authorized
11 under this Act shall be fined not more than \$1,000 or
12 imprisoned not more than one year, or both.”.

84TH CONGRESS
1ST SESSION

S. 1757

A BILL

To amend the Act known as the "Agricultural Marketing Act of 1946", approved August 14, 1946.

By Mr. ELLENDER

APRIL 20 (legislative day, APRIL 18), 1955
Read twice and referred to the Committee on
Agriculture and Forestry

84TH CONGRESS
1ST SESSION

H. R. 6744

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 1955

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Act known as the Agricultural Marketing Act of 1946, approved August 14, 1946.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That subsection (h) of section 203 of the Agricultural
4 Marketing Act of 1946 (7 U. S. C. 1622 (h)) is hereby
5 amended by adding at the end thereof the following new
6 sentence: "Whoever shall violate any provision of any regu-
7 lation promulgated by the Secretary of Agriculture to govern
8 the use of certificates, memoranda, marks, or other identifica-
9 tions with respect to inspection, class, grade, quality, size,
10 quantity, or condition, or devices for making such marks or
11 identifications, issued or authorized under this Act, or falsely

1 make, issue, alter, forge, or counterfeit any such certificate,
2 memorandum, mark, identification, or device, or knowingly
3 cause or procure, or aid, assist in, or be a party to, such
4 violation, false making, issuing, altering, forging, or counter-
5 feiting, or whoever knowingly shall utter, publish, or use as
6 true or cause to be uttered, published, or used as true any
7 such false, altered, forged, or counterfeited certificate, memo-
8 randum, mark, identification, or device, or in any manner
9 make any false or deceptive representation in connection
10 with any United States standard or service issued or author-
11 ized under this Act shall be fined not more than \$1,000 or
12 imprisoned not more than one year, or both.”

84TH CONGRESS
1ST SESSION

H. R. 6744

A BILL

To amend the Act known as the Agricultural Marketing Act of 1946, approved August 14, 1946.

By Mr. COOLEY

JUNE 9, 1955

Referred to the Committee on Agriculture

June 15, 1955

tariff reductions reducing tariff rates existing on January 1, 1955, in stages of not more than 5% in each of 3 years, or negotiate reduction in those rates which are higher than 50 percent of the value of an import to a rate equivalent to 50 percent. Amends the escape clause to modify the standards for determining injury to a domestic industry. Grants the President additional authority to control imports of any article which is found to be entering in such quantities as to impair the national security. Requires the President and the Tariff Commission to report annually to the Congress on the operation of the trade agreements program.

8. CROP INSURANCE. Received from the Comptroller General the audit report on the Federal Crop Insurance Corporation, for the fiscal year ended June 30, 1954 (p. 6994). The House received this report on June 14 (H. Doc 180) (p. 6990).
9. FORESTRY. The Interior and Insular Affairs Committee reported with amendments S. 1713, to amend the mining laws to provide for multiple use of the surface of the same tracts of the public lands (S. Rept. 554) (p. 6996).
10. PROPERTY; EXTENSION WORK; LOW-INCOME FARMERS. The Agriculture and Forestry Committee reported without amendment S. 2097, to transfer land and buildings now used for research under cooperative agreement with the Virgin Islands Corporation (S. Rept. 557); and S. 2098, to authorize additional appropriations for cooperative extension work among low-income farmers (S. Rept. 558) (p. 6996).
11. LAND TRANSFER. The Agriculture and Forestry Committee reported without amendment H. R. 2973, to release reversionary rights to a former FHA tract in Macon County, Ga., to the Ga. Board of Education (S. Rept. 559) (p. 6996).
12. APPLE PRICES. The Agriculture and Forestry Committee reported without amendment H. R. 5188, to prohibit USDA prediction of apple prices (S. Rept. 560) (p. 6996).
13. FARM LOANS; RECLAMATION. The Agriculture and Forestry Committee reported with amendments S. 1472, to extend financial assistance to desert-land entrymen to the same extent as such assistance is available to homestead entrymen (S. Rept. 561) (p. 6996).
14. COMMERCE AND RELATED AGENCIES APPROPRIATION BILL, 1956. Continued debate on this bill, H. R. 6367 (pp. 7006, 7060-70). Agreed to the committee amendment increasing forest highways (p. 7069).
15. MARKETING; EXPERIMENT STATIONS; GRAIN STANDARDS. The Agriculture and Forestry Committee reported with amendments S. 1757, to provide penalties for false grade marking (S. Rept. 562); S. 1759, to consolidate experiment station authorizations (S. Rept. 563); and S. 1400, to protect the integrity of grade certificates under the U. S. Grain Standards Act (S. Rept. 564) (p. 6996).
16. EMERGENCY LOANS. The Agriculture and Forestry Committee ordered reported with amendment S. 1582, to extend the period for the making of emergency loans for agricultural purposes (D. 556).
17. WATER CONSERVATION. Sen. Carlson inserted a resolution of the Coffeyville, Kans. Chamber of Commerce urging consideration of flood control and water pollution measures on the Big Hill Creek (p. 6995).

18. WHEAT. Sen. Neuberger urged that the "two-price" wheat plan be considered and inserted a newspaper article commenting on the recently announced wheat price supports (pp. 7003-4).

Sen. Langer inserted a portion of his remarks published by the Wall Street Journal citing the distressed position of wheat farmers who are unable to find proper storage facilities for their wheat crops (p. 7004).

19. INSECTS. Sen. Langer inserted a report from the North Dakota Insect and Pest Reporting Service listing and describing all the insects which are now prevalent throughout the Northwest (pp. 7004-5).

20. GRAIN BINS. Sen. Humphrey was again very critical of the Agriculture Department's alleged "bungling" of storage bin construction (pp. 7005-6).

BILLS INTRODUCED

21. RUBBER. S. 2242, by Sen. Kilgore, to amend the Rubber Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of the Government-owned rubber-producing facility at Institute, W. Va.; to Banking and Currency Committee (p. 6997).

22. LANDS. S. 2246, by Sen. Mundt, to authorize the sale of certain lands to the city of Wall, S. Dak.; to Agriculture and Forestry Committee (p. 6997).

23. SURPLUS PROPERTY. S. 2247, by Sen. Saltonstall, relating to the authority of the Administrator of General Services with respect to the utilization and disposal of excess and surplus Government property under the control of executive agencies; to Government Operations Committee (p. 6997).

24. FARM LABOR. S. 2248, by Sen. Saltonstall, to amend the Refugee Relief Act, as amended, to provide a certain number of visas for persons of ethnic Armenian origin; to Judiciary Committee (p. 6997).

25. RECLAMATION. S. 2251, by Sen. Welker, to authorize the Secretary of the Interior to construct, operate, and maintain in the upper Snake River Valley, Idaho and Wyo., the Narrows Federal reclamation project and a reregulating reservoir below the Palisades Dam and Reservoir; to Interior and Insular Affairs Committee (p. 6997).

26. FOREIGN TRADE. S. 2253, by Sen. Ellender (for himself and others), to re-emphasize trade development as the primary purpose of title I of the Agricultural Trade Development and Assistance Act of 1954; to Agriculture and Forestry Committee (p. 6997).

27. FARM PROGRAM. H. R. 6835, by Rep. Gathings, "to amend the Agricultural Act of 1954;" to Agriculture Committee (p. 7130).

H. R. 6836, by Rep. Gathings, "to amend the Agricultural Act of 1938, as amended;" to Agriculture Committee (p. 7130).

H. R. 6845, by Rep. Watts, "to further amend the Agricultural Adjustment Act of 1938;" to Agriculture Committee (p. 7130).

28. WILDLIFE. H. R. 6844, by Rep. Young, to provide that accumulated receipts in the Federal aid to wildlife restoration fund shall be appropriated; to amend the Wildlife Restoration Act (16 U. S. C., secs. 669-669i), defining "wildlife restoration project;" to Merchant Marine and Fisheries Committee (p. 7130).

INSPECTION OF AGRICULTURAL COMMODITIES—
PENALTIES

JUNE 15 (legislative day, JUNE 14), 1955.—Ordered to be printed

Mr. ELLENDER, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany S. 1757]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1757) to amend the act known as the Agricultural Marketing Act of 1946, approved August 14, 1946, having considered the same, report thereon with a recommendation that it do pass with amendments.

This bill, which was introduced at the request of the Department of Agriculture, would: (1) remove any question which may have resulted from a change in appropriation language as to the applicability of penalties for forgery of inspection certificates covering agricultural commodities, and (2) expand and tighten provisions for such penalties.

Section 14 (b) of the Perishable Agricultural Commodities Act (7 U. S. C. 499n (b)) now provides penalties for forgery of inspection certificates issued under that act, the Produce Agency Act of March 3, 1927 (7 U. S. C. 491–497), “or any Act making appropriations for the Department of Agriculture.” The Department of Agriculture appropriation acts for 1954 and preceding years contained appropriations—

for investigating and certifying, in one or more jurisdictions, to shippers and other interested parties the class, quality, and condition of any agricultural commodity or food product, whether raw or processed, and any product containing an agricultural commodity or derivative thereof when offered for interstate shipment or when received at such important central markets as the Secretary may from time to time designate, or at points which may be conveniently reached therefrom under such rules and regulations as he may prescribe, including the collection of such fees as are reasonable and as nearly as may cover the cost of the service rendered.

This language was omitted from the 1955 and 1956 acts since authority for such inspection is authorized by the Agricultural

Marketing Act of 1946 and other laws. The 1955 appropriation act provided simply for carrying on—

service to improve and develop marketing and distribution relating to agriculture as authorized by the Agricultural Marketing Act of 1946 (7 U. S. C. 1621-1627) and other laws, including the administration of marketing regulatory acts connected therewith.

This change in appropriation language raises the question as to whether inspection certificates issued under the Agricultural Marketing Act of 1946 are issued under an "Act making appropriations for the Department of Agriculture" and so covered by the penalty provisions of section 14 (b) of the Perishable Agricultural Commodities Act (which is the only act providing penalties for forgery of such inspection certificates issued under the Department's authority). Practically all inspections now carried on under the Department's authority, except those for cotton, tobacco, naval stores, and commodities covered by the United States Grain Standards Act, are carried on under the Agricultural Marketing Act of 1946. Those for fresh and frozen fruits and vegetables could be carried on under the Perishable Agricultural Commodities Act, but as a matter of fact are carried on under the 1946 act. S. 1757 by inserting a penalty provision in the Agricultural Marketing Act of 1946 covering inspection certificates issued under that act would remove any doubt as to the penalty for forging such certificates. It would also tend to reduce the confusion which has existed heretofore as a result of prosecutions being brought under the Perishable Agricultural Commodities Act for forgery of inspection certificates for commodities not subject to that act.

The penalty provision which would be added to the Agricultural Marketing Act of 1946 by S. 1757 is more inclusive and stricter than the penalty provision of the Perishable Agricultural Commodities Act in the following respects:

(1) It covers violations of such regulations as may be issued to govern the use of inspection certificates, memoranda, marks, and devices. This authority might be used to cover such things as possession of grade stamps, destruction or preservation of certificates, and use or reuse of marked bags. One matter that it is intended to cover is the use of the letters "U. S. D. A." and grade designations on meat.

(2) It is applicable to memoranda, marks, identifications and devices, as well as inspection certificates. Thus forgery of grade stamps would be covered.

(3) It covers the use, as well as publication or utterance, of false material. Thus a retailer who knowingly used false certificates uttered by his supplier would be covered.

(4) It omits the requirement of the Perishable Agricultural Commodities Act that the act be done "for a fraudulent purpose." Proof of this element has created some problems in the past.

(5) As introduced, it covers false or deceptive representations in connection with any United States standard or service issued or authorized under the Agricultural Marketing Act of 1946. Insofar as this provision is applicable to inspection services, it would prevent false advertising, false labeling of display counters, and similar practices, and your committee believes this to be a proper purpose. Insofar as it applies to other services authorized under the act, it might cover deceptive representation in connection with marketing or cost studies, market information, or any service designed to facilitate

the marketing, distribution, processing, and utilization of agricultural products through commercial channels. Your committee feels that this would go beyond the intended scope of the bill and recommends that this provision be limited to standards and inspection services.

(6) It provides for a maximum fine of \$1,000 instead of \$500. Violations would continue to be misdemeanors under 18 United States Code 1 since the maximum term of imprisonment would be 1 year.

Any rules issued under the proposed provision would be required by section 3 of the Administrative Procedure Act (5 U. S. C. 1002) to be published in the Federal Register. Section 4 of that act provides for advance notice and an opportunity for interested persons to submit views before such rules may become effective.

The committee amendments would (1) make it clear that possession of true certificates, etc. contrary to the Secretary's regulations, or possession of false certificates, etc. without notifying the Secretary, would be covered by the bill; (2) limit the bill to wrongdoing in connection with inspection, grading, and certification services; and (3) repeal the farm produce inspection clause and the provisions of the Produce Agency Act which provide for the inspection of agricultural commodities. The provisions to be repealed duplicate in part the authority contained in the Agricultural Marketing Act of 1946, and are no longer used or needed.

The letter from the Department of Agriculture requesting this legislation is attached.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., April 13, 1955.

The VICE PRESIDENT,
United States Senate.

DEAR MR. VICE PRESIDENT: There is transmitted herewith for consideration by the Congress proposed legislation to amend the Agricultural Marketing Act of 1946. The amendment provides additional safeguards against forgery or alteration of inspection certificates, unauthorized use of official grade marks or designations, and false or deceptive reference to United States grade standards or services.

Under existing legislation a provision of the Perishable Agricultural Commodities Act of 1930 provides for a fine or imprisonment, or both, for forgery, alteration or other misuse of inspection certificates issued under that act or under any act making appropriations for the Department of Agriculture (7 U. S. C. 499n (b)). This is the only statute protecting the integrity of such certificates issued by the Department or by Federal-State permissive inspection or grading services for meat, dairy, poultry, fruits, vegetables, and related products. In the fiscal year 1954 and prior years the annual agricultural appropriation acts authorized the inspection and grading of agricultural commodities and the issuance of appropriate certificates therefor. Similar authority for such inspection and grading services was also provided in the Agricultural Marketing Act of 1946. In the interest of simplifying the appropriation language by eliminating therefrom language for which there was adequate authority in other acts, the 1955 appropriation no longer refers to the issuance of certificates for inspection and grading services. Such certificates are issued under authority of the Agricultural Marketing Act of 1946, which does not contain a penalty provision such as that in the Perishable Agricultural Commodities Act. To clarify this matter, particularly since a criminal penalty is involved, and to assure continuation of this protection for all inspection certificates, this proposed legislation is needed. It is desirable to amend the Agricultural Marketing Act rather than the Perishable Agricultural Commodities Act since the basic provisions of the latter act are applicable only to fresh and frozen fruits and vegetables, while this safeguard for official certificates applies to all commodities.

It is proposed that the statute be further amended to prohibit the unauthorized use of official grade marks or designations and the making of false or deceptive references to United States grade standards or inspection services. Inspection or grading for quality by the USDA is an integral part of the marketing function for many of these important agricultural products. False, deceptive, or unauthorized marks or claims concerning the United States grades or the Government inspection relating thereto are detrimental to the best interests of the producer, distributors, and consumers. At present the Department has no direct protection for itself or for the public against such practices.

The amendment includes the imposition of a fine not to exceed \$1,000 for violation of the act. This is consistent with provisions of other laws under which the inspection and grading of agricultural commodities are authorized.

Additional funds, if any, required for the administration of the act by reason of the enactment of this statute would be small and would depend on the regulations issued governing the use of official grade marks.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this proposed legislation.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX, of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

SECTION 203(h) OF THE AGRICULTURAL MARKETING ACT OF 1946

(h) To inspect, certify, and identify the class, quality, quantity, and condition of agricultural products when shipped or received in interstate commerce, under such rules and regulations as the Secretary of Agriculture may prescribe, including assessment and collection of such fees as will be reasonable and as nearly as may be to cover the cost of the service rendered, to the end that agricultural products may be marketed to the best advantage, that trading may be facilitated, and that consumers may be able to obtain the quality product which they desire, except that no person shall be required to use the service authorized by this subsection. Any official certificate issued under the authority of this subsection shall be received by all officers and all courts of the United States as *prima facie* evidence of the truth of the statements therein contained. *Whoever shall violate any provision of any regulation promulgated by the Secretary of Agriculture to govern the possession or use of certificates, memoranda, marks, or other identifications with respect to inspection, class, grade, quality, size, quantity or condition, or devices for making such marks or identifications, issued or authorized under this Act, or falsely make, issue, alter, forge, or counterfeit any such certificate, memorandum, mark, identification, or device, or knowingly cause or procure, or aid, assist in, or be a party to, such violation, false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true or cause to be uttered, published, or used as true any such false, altered, forged, or counterfeited certificate, memorandum, mark, identification, or device, or in any manner make any false or deceptive representation in connection with any United States standard or inspection, grading, or certification service issued or authorized under this Act shall be fined not more than \$1,000 or imprisoned not more than one year, or both.*

FARM PRODUCE INSPECTION CLAUSE CONTAINED IN 1954 AND PRECEDING APPROPRIATION ACTS (7 U. S. C. 414)

§ 414. Investigation and certification of condition, etc., of any agricultural commodity or food product offered for interstate shipment

[Investigations and certifications are authorized, in one or more jurisdictions, to shippers and other interested parties the class, quality, and condition of any agricultural commodity or food product, whether raw or processed, and any product containing an agricultural commodity or derivative thereof when offered

for interstate shipment or when received at such important central markets as the Secretary may from time to time designate, or at points which may be conveniently reached therefrom under such rules and regulations as he may prescribe, including the collection of such fees as are reasonable and as nearly as may cover the cost of the service rendered.]

SECOND, THIRD, AND FOURTH SENTENCES OF SECTION 1 OF THE PRODUCE AGENCY ACT OF MARCH 3, 1927

[The Secretary of Agriculture shall by regulation provide for the making of prompt investigations and the issuing of certificates as to the quality and condition of produce received in interstate commerce or in the District of Columbia, upon application of any person, firm, association, or corporation shipping, receiving, or financially interested in, such produce. Such regulations shall designate the classes of persons qualified and authorized to make such investigations and issue such certificates, except that any such investigation shall be made and any such certificate shall be issued by at least two disinterested persons in any case where such investigation is not made by an officer or employee of the Department of Agriculture or of any State or political subdivision thereof or of the District of Columbia. A certificate made in compliance with such regulations shall be prima facie evidence in all Federal courts of the truth of the statements therein contained as to the quality and condition of the produce; but if any such certificate is put in evidence by any party, in any civil or criminal proceeding, the opposite party shall be permitted to cross-examine any person signing such certificate, called as a witness at the instance of either party, as to his qualifications and authority and as to the truth of the statements contained in such certificate.]

Comparison of the language of section 14 (b) of the Perishable Agricultural Commodities Act with the language proposed to be added by S. 1757 to section 203 (h) of the Agricultural Marketing Act of 1946 (language contained only in section 14 (b) is enclosed in black brackets; language contained only in S. 1757 is printed in italic; language contained in both is shown in roman):

Whoever shall *violate any provision of any regulation promulgated by the Secretary of Agriculture to govern the use of certificates, memoranda, marks, or other identifications with respect to inspection, class, grade, quality, size, quantity or condition, or devices for making such marks or identifications, issued or authorized under this Act, or falsely make, issue, alter, forge, or counterfeit any such certificate, memorandum, mark, identification, or device, or knowingly cause or procure* [to be falsely made, issued, altered, forged, or counterfeited], or [willingly] aid, [cause, procure or] assist in, or be a party to, *such violation, [the]* false making, issuing, altering, forging, or counterfeiting [of any certificate of inspection issued under authority of this Act, the Produce Agency Act of March 3, 1927 (7 U. S. C., sec. 491-497), or any Act making appropriations for the Department of Agriculture;], or *whoever knowingly shall utter* [or], publish, *or use as true or cause to be uttered* [or], published, *or used as true any such false, [forged,]* altered, *forged, or counterfeited certificate, memorandum, mark, identification, or device, or in any manner make any false or deceptive representation in connection with any United States standard or service issued or authorized under this Act* [for a fraudulent purpose, shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than \$500 or by imprisonment for a period of not more than one year, or both, at the discretion of the court] *shall be fined not more than \$1,000 or imprisoned not more than one year, or both.*

Calendar No. 567

84TH CONGRESS
1ST SESSION

S. 1757

[Report No. 562]

IN THE SENATE OF THE UNITED STATES

APRIL 20 (legislative day, APRIL 18), 1955

Mr. ELLENDER (by request) introduced the following bill; which was read twice
and referred to the Committee on Agriculture and Forestry

JUNE 15 (legislative day, JUNE 14), 1955

Reported by Mr. ELLENDER, with amendments

[Insert the part printed in *italic*]

A BILL

To amend the Act known as the "Agricultural Marketing Act of
1946", approved August 14, 1946.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That subsection (h) of section 203 of the Agricultural Mar-
4 keting Act of 1946 (7 U. S. C. 1622 (h)) is hereby
5 amended by adding at the end thereof the following new
6 sentence: "Whoever shall violate any provision of any regu-
7 lation promulgated by the Secretary of Agriculture to govern
8 the *possession or* use of certificates, memoranda, marks, or
9 other identifications with respect to inspection, class, grade,
10 quality, size, quantity or condition, or devices for making
11 such marks or identifications, issued or authorized under this

1 Act, or falsely make, issue, alter, forge, or counterfeit any
2 such certificate, memorandum, mark, identification, or device,
3 or knowingly cause or procure, or aid, assist in, or be a party to,
4 such violation, false making, issuing, altering, forging, or
5 counterfeiting, or whoever knowingly shall *possess without*
6 *promptly notifying the Secretary of Agriculture or his rep-*
7 *resentative*, utter, publish, or use as true or cause to be
8 uttered, published, or used as true any such false, altered,
9 forged, or counterfeited certificate, memorandum, mark,
10 identification, or device, or in any manner make any false
11 or deceptive representation in connection with any United
12 States standard or *inspection, grading, or certification* service
13 issued or authorized under this Act shall be fined not more
14 than \$1,000 or imprisoned not more than one year, or both.”.

15 *SEC. 2. The farm produce inspection clause contained*
16 *in various appropriation Acts (7 U. S. C. 414) and the*
17 *second, third, and fourth sentences of section 1 of the Produce*
18 *Agency Act of March 3, 1927 (7 U. S. C. 492) are hereby*
19 *repealed.*

A BILL

To amend the Act known as the "Agricultural Marketing Act of 1946", approved August 14, 1946.

By Mr. ELLENDER

APRIL 20 (legislative day, APRIL 18), 1955
Read twice and referred to the Committee on
Agriculture and Forestry

JUNE 15 (legislative day, JUNE 14), 1955
Reported with amendments

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 20, 1955
For actions of June 17, 1955
84th-1st - No. 102

CONTENTS

Apple prices.....1	Legislative program.....21	Roads.....9
Appropriations.....11,12,33	Loans, farm.....4,10	Rubber.....22
Banking and currency.....31	Low-income farmers.....3	Trade agreements.....23,29
Contracts.....28	Marketing.....5	Travel.....21
Customs.....21,30	Operation Alert.....18	Virgin Islands.....2
Electrification.....16,17,24	Organization.....14	Water compact.....8
Experiment stations.....6	Personnel.....13,21	Water pollution.....19
Extension work.....3	Property.....2	Watersheds.....25
Forestry.....21	Reclamation	Wildlife.....32
Grain standards.....7	10,16,21,24,26,27	
Lands.....21,26	Research.....20	
transfer.....2,15		

HIGHLIGHTS: Senate passed bill to prohibit USDA prediction of apple prices. Ready for President. Senate passed bills to: transfer to USDA certain real property in Virgin Islands; authorize additional extension work for low-income farmers; provide penalties for false grade marking; consolidate experiment station authorizations; protect grain standards. Senate debated defense appropriation bill. Senate com-

(Cont'd: on p. 4)

SENATE

1. APPLE PRICES. Passed without amendment H. R. 5188, to prohibit this Department from predicting apple prices in any official publication (pp. 7342-3). This bill will now be sent to the President.
2. PROPERTY. Passed without amendment S. 2097, to transfer land and buildings now used for research under cooperative agreement with the Virgin Islands Corporation (p. 7341).
3. EXTENSION WORK. Passed without amendment S. 2098, to authorize additional appropriations for cooperative extension work among low-income farmers (p. 7341).
4. EMERGENCY LOANS. The Senate Agriculture and Forestry Committee reported with amendment S. 1582, to extend the period for making emergency loans for agricultural purposes (S. Rept. 574) (p. 7283).
5. MARKETING. Passed as reported S. 1757, to provide penalties for false grade marking (p. 7343). The bill would strengthen provisions to prevent deception in connection with inspection of agricultural commodities and would increase the maximum fine from \$500 to \$1,000.
6. EXPERIMENT STATIONS. Passed as reported S. 1759, to consolidate experiment station authorizations (pp. 7343-5). The bill would prevent allotments from shifting with shifts in relative rural and farm population; freeze the amount earmarked by section 9 of the Bankhead-Jones Act for marketing research at the amount so earmarked in 1955; and repeal a provision exempting the Georgia

experiment station from the Secretary's authority to withhold funds from stations not complying with the act.

7. GRAIN STANDARDS. Passed as reported S. 1400, to protect the integrity of grade certificates under the U. S. Grain Standards Act (p. 7345).
8. WATER COMPACT. Passed without amendment H. R. 208, providing for a water compact between Arkansas and Oklahoma (p. 7333). This bill will now be sent to the President.
9. ROADS. Passed as reported H. R. 5923, to authorize appropriations for the completion of the Inter-American Highway (p. 7334).
10. FARM LOANS; RECLAMATION. Passed as reported S. 1472, to extend financial assistance to desert-land entrymen to the same extent as such assistance is available to homestead entrymen (p. 7343).
11. GENERAL GOVERNMENT AGENCIES APPROPRIATION BILL, 1956. The Appropriations Committee reported with amendments this bill, H. R. 6499 (S. Rept. 573) (p. 7283).
12. DEFENSE DEPARTMENT APPROPRIATION BILL, 1956. Began debate on this bill, H. R. 6042 (pp. 7332, 7350-1, 7354-8).
13. PERSONNEL. The Post Office and Civil Service Committee reported without amendment S. 1849, to provide for the granting of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment (S. Rept. 576) (p. 7283).
The Government Operations Committee reported with amendments S. J. Res. 21, to establish a Commission on Government Security (S. Rept. 581) (p. 7283).
14. REORGANIZATION. The Government Operations Committee agreed to refer to its Subcommittee on Reorganization the eight Hoover Commission reports and draft legislation received thus far by the committee (S. Rept. 581) (p. 7283).
15. LAND TRANSFERS. Discussed and passed over upon objection by Sen. Morse H. R. 2973, to release reversionary rights to a former FHA tract in Macon County, Ga., to the Ga. Board of Education (pp. 7341-2).
16. RECLAMATION; ELECTRIFICATION. Sen. Mansfield inserted his statement favoring the construction of the proposed Yellowtail Dam (p. 7287).
Sen. Watkins inserted his statement in answer to various charges made by Raymond Moley against reclamation programs in the West (pp. 7325-31).
17. ELECTRIFICATION. Sen. Neuberger criticized the administration's power policies and inserted newspaper articles on this subject (pp. 7288-90).
18. OPERATION ALERT. Sen. Humphrey criticized this Department for certain statements sent to farmers during Operation Alert, and stated that "this part of the operation might well be termed 'Operation Foul-up'" (pp. 7349-50).
19. WATER POLLUTION. Passed as reported S. 890, to extend and strengthen the Water Pollution Control Act (pp. 7334-8).

84TH CONGRESS
1ST SESSION

S. 1757

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1955

Referred to the Committee on Agriculture

AN ACT

To amend the Act known as the "Agricultural Marketing Act of 1946", approved August 14, 1946.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That subsection (h) of section 203 of the Agricultural Mar-
4 keting Act of 1946 (7 U. S. C. 1622 (h)) is hereby
5 amended by adding at the end thereof the following new
6 sentence: "Whoever shall violate any provision of any regu-
7 lation promulgated by the Secretary of Agriculture to govern
8 the possession or use of certificates, memoranda, marks, or
9 other identifications with respect to inspection, class, grade,
10 quality, size, quantity or condition, or devices for making
11 such marks or identifications, issued or authorized under this

1 Act, or falsely make, issue, alter, forge, or counterfeit any
2 such certificate, memorandum, mark, identification, or device,
3 or knowingly cause or procure, or aid, assist in, or be a party
4 to, such violation, false making, issuing, altering, forging, or
5 counterfeiting, or whoever knowingly shall possess without
6 promptly notifying the Secretary of Agriculture or his rep-
7 resentative, utter, publish, or use as true or cause to be
8 uttered, published, or used as true any such false, altered,
9 forged, or counterfeited certificate, memorandum, mark,
10 identification, or device, or in any manner make any false
11 or deceptive representation in connection with any United
12 States standard or inspection, grading, or certification service
13 issued or authorized under this Act shall be fined not more
14 than \$1,000 or imprisoned not more than one year, or both.”.

15 SEC. 2. The farm produce inspection clause contained
16 in various appropriation Acts (7 U. S. C. 414) and the
17 second, third, and fourth sentences of section 1 of the Produce
18 Agency Act of March 3, 1927 (7 U. S. C. 492) are hereby
19 repealed.

Passed the Senate June 17 (legislative day, June 14),
1955.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To amend the Act known as the "Agricultural Marketing Act of 1946", approved August 14, 1946.

JUNE 20, 1955

Referred to the Committee on Agriculture

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a brief statement in explanation of the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXPLANATION OF H. R. 5188

This bill would prohibit the Government from predicting apple prices in any official publication.

The same prohibition has applied to cotton for a number of years.

The growers contend that data as to quantity and quality of the crop and information of this type are a sufficient guide to both producers and buyers and that predictions as to future apple prices, although such predictions may be made in the most general terms can be affected by so many factors not capable of accurate prediction that they are likely to do more harm than good.

FINANCIAL ASSISTANCE TO DESERT LAND ENTRYMEN

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 566, Senate bill 1472.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1472) to enable the Secretary of Agriculture to extend financial assistance to desert land entrymen to the same extent as such assistance as available to homestead entrymen, which had been reported from the Committee on Agriculture with amendments, on page 1, line 3, after the word "That", to strike out "(a)"; in line 6 after the word "amended", to insert "(1)"; in line 8, after the word "entry", to insert a semicolon and "and (2) by striking out 'homestead and' and inserting in lieu thereof 'homestead, desert-land, and'"; and at the top of page 2, to strike out:

(b) The last sentence of the first section of such act is amended by inserting after "project," the following: "or to an entryman under the desert-land laws."

So as to make the bill read:

Be it enacted, etc., That the first sentence of the act entitled "An act to enable the Secretary of Agriculture to extend financial assistance to homestead entrymen, and for other purposes," approved October 19, 1949 (63 Stat. 883), is amended (1) by striking out "homestead entry" and inserting in lieu thereof "homestead or desert-land entry"; and (2) by striking out "homestead and" and inserting in lieu thereof "homestead, desert-land, and."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. JOHNSTON of South Carolina. Mr. President, this bill was unanimously approved by the Committee on Agriculture and Forestry. I ask unanimous consent that a statement which I have prepared in explanation of the bill be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXPLANATION OF S. 1472

This would authorize the Secretary of Agriculture to make loans under the Bankhead-Jones Farm Tenant Act and the Water Facilities Act to persons who are acquiring farms by means of desert-land entries. Such persons do not have clear title to these lands and under the present regulations are unable to give adequate security for such loans. Such assistance is already made available to homestead entrymen.

The committee amendments are clarifying only, and make no changes in substance.

AMENDMENT OF AGRICULTURAL MARKETING ACT OF 1946

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 567, Senate bill 1757.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1757) to amend the act known as the "Agricultural Marketing Act of 1946," approved August 14, 1946, which had been reported from the Committee on Agriculture with amendments, on page 1, line 8, after the word "the", to insert "possession or"; on page 2, line 5, after the word "shall", to insert "possess without promptly notifying the Secretary of Agriculture or his representative,"; in line 12, after the word "or", to insert "inspection, grading, or certification"; and after line 14, to insert:

SEC. 2. The farm produce inspection clause contained in various appropriation acts (7 U. S. C. 414) and the second, third, and fourth sentences of section 1 of the Produce Agency Act of March 3, 1927 (7 U. S. C. 492) are hereby repealed.

So as to make the bill read:

Be it enacted, etc., That subsection (h) of section 203 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1622 (h)) is hereby amended by adding at the end thereof the following new sentence: "Whoever shall violate any provision of any regulation promulgated by the Secretary of Agriculture to govern the possession or use of certificates, memorandums, marks, or other identifications with respect to inspection, class, grade, quality, size, quantity or condition, or devices for making such marks or identifications, issued or authorized under this act, or falsely make, issue, alter, forge, or counterfeit any such certificate, memorandum, mark identification, or device, or knowingly cause or procure, or aid, assist in, or be a party to, such violation, false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true or cause to be uttered, published, or used as true any such false, altered, forged, or counterfeited certificate, memorandum, mark, identification, or device, or in any manner make any false or deceptive representation in connection with any United States standard or inspection, grading, or certification service issued or authorized under this act shall be fined not more than \$1,000 or imprisoned not more than 1 year, or both."

SEC. 2. The farm produce inspection clause contained in various appropriation acts (7 U. S. C. 414) and the second, third, and fourth sentences of section 1 of the Produce Agency Act of March 3, 1927 (7 U. S. C. 492), are hereby repealed.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a brief statement in explanation of the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXPLANATION OF S. 1757

This bill would tighten provisions to prevent deception in connection with inspection of agricultural commodities as follows:

1. It would remove any question as to the applicability of such provisions to inspection under the Agricultural Marketing Act of 1946, which is the authority now being used for all inspection of the type which such provisions are intended to protect.

2. It would cover violations of regulations issued to govern the possession or use of inspection certificates, memoranda, marks, and devices, such as those governing possession of grade stamps, destruction, or preservation of certificates, use or reuse of marked bags, and use of the letters "U. S. D. A." and grade designations on meat.

3. It would apply to memoranda, marks, identifications, and devices, as well as inspection certificates, so that forgery of grade stamps could be covered.

4. It would cover the use, as well as publication or utterance, of false material, so that a retailer who knowingly used false certificates uttered by his supplier would be covered.

5. It would omit the requirement of the act now governing such penalties that the act be done for a fraudulent purpose, as proof of this element has created some problems in the past.

6. It would cover false or deceptive representations in connection with the inspection service so as to prevent false advertising, false labeling of display counters, and similar practices.

7. It would increase the maximum fine to \$1,000 from \$500.

The committee amendments would clarify the bill so that it will carry out its intended purpose, and would repeal duplicating inspection authorities which are neither used nor needed, but serve to complicate the law.

CONSOLIDATION OF AGRICULTURAL EXPERIMENT STATION APPROPRIATIONS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 568, Senate bill 1759.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1759) to consolidate the Hatch Act (1887) and laws supplementary thereto relating to the appropriation of Federal funds for the support of agricultural experiment stations in the States, Alaska, Hawaii, and Puerto Rico, which had been reported from the Committee on Agriculture with amendments, on page 3, line 21, after the word "same", to strike out "requirements" and insert "requirement as to use for marketing research projects"; on page 11, at the beginning of line 25, to strike out "Such portions of the" and insert "The"; on page 12, line

2, after the name "Rico", to strike out "as are in conflict with this act"; in line 4, after the numerals "1936", to strike out ", section 2"; and at the beginning of line 14, to insert "That part of the"; so as to make the bill read:

Be it enacted, etc., That the Hatch Act of March 2, 1887, relating to the appropriation of Federal funds for the support of State agricultural experiment stations, is hereby amended to read as follows:

"SECTION 1. It is the policy of Congress to continue the agricultural research at State agricultural experiment stations which has been encouraged and supported by the Hatch Act of 1887, the Adams Act of 1906, the Purnell Act of 1925, the Bankhead-Jones Act of 1935, and title I, section 9, of that act as added by the act of August 14, 1946, and acts amendatory and supplementary thereto, and to promote the efficiency of such research by a codification and simplification of such laws. As used in this act, the terms 'State' or 'States' are defined to include the several States, Alaska, Hawaii, and Puerto Rico. As used in this act, the term 'State agricultural experiment station' means a department which shall have been established, under direction of the college or university or agricultural departments of the college or university in each State in accordance with an act approved July 2, 1862 (12 Stat. 503), entitled 'An act donating public lands to the several States and Territories which may provide colleges for the benefit of agricultural and the mechanic arts'; or such other substantially equivalent arrangements as any State shall determine.

"SEC. 2. It is further the policy of the Congress to promote the efficient production, marketing, distribution, and utilization of products of the farm as essential to the health and welfare of our peoples and to promote a sound and prosperous agriculture and rural life as indispensable to the maintenance of maximum employment and national prosperity and security. It is also the intent of Congress to assure agriculture a position in research equal to that of industry, which will aid in maintaining an equitable balance between agriculture and other segments of our economy. It shall be the object and duty of the State agricultural experiment stations through the expenditure of the appropriations hereinafter authorized to conduct original and other researches, investigations, and experiments bearing directly on and contributing to the establishment and maintenance of a permanent and effective agricultural industry of the United States, including researches basic to the problems of agriculture in its broadest aspects, and such investigations as have for their purpose the development and improvement of the rural home and rural life and the maximum contribution by agriculture to the welfare of the consumer, as may be deemed advisable, having due regard to the varying conditions and needs of the respective States.

"SEC. 3. (a) There are hereby authorized to be appropriated for the purposes of this act such sums as Congress may from time to time determine to be necessary.

"(b) Out of such sums each State shall be entitled to receive annually a sum of money equal to and subject to the same requirement as to use for marketing research projects as the sums received from Federal appropriations for State agricultural experiment stations for the fiscal year 1955, except that amounts heretofore made available from the fund known as the 'Regional research fund, Office of Experiment Stations' shall continue to be available for the support of cooperative regional projects as defined in subsection 3 (c) (3), and the said fund shall be designated 'Regional research fund, State agricultural experiment stations,' and the Secretary of Agriculture shall be entitled to

receive annually for the administration of this act, a sum not less than that available for this purpose for the fiscal year ending June 30, 1955: *Provided*, That if the appropriations hereunder available for distribution in any fiscal year are less than those for the fiscal year 1955 the allotment to each State and the amounts for Federal administration and the regional research fund shall be reduced in proportion to the amount of such reduction.

"(c) Any sums made available by the Congress in addition to those provided for in subsection (b) hereof for State agricultural experiment station work shall be distributed as follows:

"1. Twenty percent shall be allotted equally to each State;

"2. Not less than 52 percent of such sums shall be allotted to each State, as follows: One-half in an amount which bears the same ratio to the total amount to be allotted as the rural population of the State bears to the total rural population of all the States as determined by the last preceding decennial census current at the time each such additional sum is first appropriated; and one-half in an amount which bears the same ratio to the total amount to be allotted as the farm population of the State bears to the total farm population of all the States as determined by the last preceding decennial census current at the time such additional sum is first appropriated;

"3. Not more than 25 percent shall be allotted to the States for cooperative research in which two or more State agricultural experiment stations are cooperating to solve problems that concern the agriculture of more than one State. The funds available for such purposes, together with funds available pursuant to subsection (b) hereof for like purpose shall be designated as the 'Regional research fund, State agricultural experiment stations', and shall be used only for such cooperative regional projects as are recommended by a committee of nine persons elected by and representing the directors of the State agricultural experiment stations, and approved by the Secretary of Agriculture. The necessary travel expenses of the committee of nine persons in performance of their duties may be paid from the fund established by this paragraph.

"4. Three percent shall be available to the Secretary of Agriculture for administration of this act.

"(d) Of any amount in excess of \$90,000 available under this act for allotment to any State, exclusive of the regional research fund, State agricultural experiment stations, no allotment and no payments thereof shall be made in excess of the amount which the State makes available out of its own funds for research and for the establishment and maintenance of facilities necessary for the prosecution of such research: *And provided further*, That if any State fails to make available for such research purposes for any fiscal year a sum equal to the amount in excess of \$90,000 to which it may be entitled for such year, the remainder of such amount shall be withheld by the Secretary of Agriculture.

"(e) 'Administration' as used in this section shall include participation in planning and coordinating cooperative regional research as defined in subsection 3 (c) 3.

"(f) In making payments to States, the Secretary of Agriculture is authorized to adjust any such payment to the nearest dollar.

"SEC. 4. Moneys appropriated pursuant to this Act shall also be available, in addition to meeting expenses for research and investigations conducted under authority of section 2, for printing and disseminating the results of such research, retirement of employees subject to the provisions of an act approved March 4, 1940 (54 Stat. 39), administrative planning and direction, and for the purchase and rental of land and the construction,

acquisition, alteration, or repair of buildings necessary for conducting research. The State agricultural experiment stations are authorized to plan and conduct any research authorized under section 2 of this act in cooperation with each other and such other agencies and individuals as may contribute to the solution of the agricultural problems involved, and moneys appropriated pursuant to this act shall be available for paying the necessary expenses of planning, coordinating, and conducting such cooperative research.

"SEC. 5. Sums available for allotment to the States under the terms of this act, excluding the regional research fund authorized by subsection 3 (c) 3, shall be paid to each State agricultural experiment station in equal quarterly payments beginning on the first day of July of each fiscal year upon vouchers approved by the Secretary of Agriculture. Each such station authorized to receive allotted funds shall have a chief administrative officer known as a director, and a treasurer or other officer appointed by the governing board of the station. Such treasurer or other officer shall receive and account for all funds allotted to the State under the provisions of this act and shall report, with the approval of the director, to the Secretary of Agriculture on or before the first day of September of each year a detailed statement of the amount received under provisions of this act during the preceding fiscal year, and of its disbursement on schedules prescribed by the Secretary of Agriculture. If any portion of the allotted moneys received by the authorized receiving officer of any State agricultural experiment station shall by any action or contingency be diminished, lost, or misapplied, it shall be replaced by the State concerned and until so replaced no subsequent appropriation shall be allotted or paid to such State.

"SEC. 6. Bulletins, reports, periodicals, reprints of articles, and other publications necessary for the dissemination of results of the researches and experiments, including lists of publications available for distribution by the experiment stations, shall be transmitted in the mails of the United States under penalty indicia: *Provided, however*, That each publication shall bear such indicia as are prescribed by the Postmaster General and shall be mailed under such regulations as the Postmaster General may from time to time prescribe. Such publications may be mailed from the principal place of business of the station or from an established subunit of said station.

"SEC. 7. The Secretary of Agriculture is hereby charged with the responsibility for the proper administration of this act, and is authorized and directed to prescribe such rules and regulations as may be necessary to carry out its provisions. It shall be the duty of the Secretary to furnish such advice and assistance as will best promote the purposes of this act, including participation in coordination of research initiated under this act by the State agricultural experiment stations, from time to time to indicate such lines of inquiry as to him seem most important, and to encourage and assist in the establishment and maintenance of cooperation by and between the several State agricultural experiment stations, and between the stations and the United States Department of Agriculture.

"On or before the first day of July in each year after the passage of this act, the Secretary of Agriculture shall ascertain as to each State whether it is entitled to receive its share of the annual appropriations for agricultural experiment stations under this act and the amount which thereupon each is entitled, respectively, to receive.

"Whenever it shall appear to the Secretary of Agriculture from the annual statement of receipts and expenditures of funds by any State agricultural experiment station that

July 27, 1955

15. **MARKETING.** The Agriculture Committee reported with amendment S. 1757, providing penalties for violations of grade marking standards of products in interstate commerce under the Agricultural Marketing Act (H. Rept. 1468) (p. 10133).
16. **EXTENSION WORK.** The Agriculture Committee reported with amendment S. 2098, authorizing appropriations to be used for agricultural extension work for special circumstances in regard to low-income farmers (H. Rept. 1409) (p. 10134).
17. **RICE.** The Agriculture Committee reported with amendment H. R. 7367, providing that the 1956 national acreage allotment on rice shall be established which is less than 85% of the final allotment established for the immediately preceding year (H. Rept. 1462) (p. 10133).
18. **FARM LABOR.** Received the conference report on H. R. 3822, which provides a $3\frac{1}{2}$ year extension (until June 30, 1959) of the Mexican farm-labor program, relieves employers of double liability for the cost of returning a worker to Mexico where the employer has paid once for such movement but the Mexican does not return and is later apprehended, and specifies that the Secretary of Labor is to obtain information on the availability of domestic workers, prevailing wage rates, and labor shortages in the area, and then post publicly the number of workers to be imported (H. Rept. 1499) (pp. 10090-1).
19. **COMMODITY CREDIT CORPORATION.** Received the conference report on H. R. 2851, authorizing the distribution of agricultural commodities owned by the CCC to persons in need in areas of acute distress (H. Rept. 1450) (p. 10091). The bill authorizes the Secretary of Agriculture, until June 30, 1957, upon request of a State Governor, to distribute to a central point in the State concerned, wheat flour and corn meal owned by the CCC using Sec. 32 funds limited to \$15 million a year.
20. **WATER RESOURCES.** Received the conference report on H. R. 3990, to authorize the Secretary of the Interior to investigate and report to the Congress on projects for the conservation, development, and utilization of the water resources of Alaska (H. Rept. 1447) (p. 10089).
21. **ROADS.** Rejected, by a vote of 123 to 292, H. R. 7474, the Federal-aid highway construction bill (pp. 10091-10122). The House had previously rejected a motion to recommit the bill by a vote of 193 to 221. The Dondero substitute, to enact the President's road program, was rejected by a vote of 178 to 184. During the debate on the bill, Rep. Gavin criticized the farm leaders of the House on their concept of "fiscal responsibility" in regard to farm subsidies and price supports. Rep. Jones, Ala., offered an amendment which was accepted, preventing the use of highway construction funds to reimburse utilities for relocation of their lines when in conflict with the construction program; and during debate on this amendment there was discussion of the extent to which it would have benefited REA cooperatives.
22. **FOREIGN AID.** Received the conference report on H. R. 7224, the mutual security appropriation bill (H. Rept. 1501) (pp. 10122-3).
23. **DEFENSE PRODUCTION.** The Rules Committee reported a resolution for the consideration of H. R. 7470, to amend the Defense Production Act (p. 10124).
24. **FARM-CITY WEEK.** A subcommittee of the Judiciary Committee ordered reported to the full committee H. J. Res. 317, designating the last week in October of each year as National Farm-City Week (p. D796).

25. **SURPLUS GRAINS.** Rep. Reuss criticized the Interior Department for allegedly "winking at duck-baiting violations," and suggested that deteriorated surplus grains owned by the CCC should be used for wildlife feeding purposes (pp. 10128-9).
26. **PERSONNEL.** The Post Office and Civil Service Committee reported with amendments the following bills: H. R. 7618, to amend Sec. 8 of the Civil Service Retirement Act (H. Rept. 1473); and S. 1849, to provide for the grant of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment (H. Rept. 1498) (pp. 10133-4).
- The Post Office and Civil Service Committee ordered reported H. R. 3255, to amend the Classification Act of 1949, to prevent loss of salary after an employee has held a position for more than 2 years (p. D796).
- The Post Office and Civil Service Committee announced the appointment of the following investigative subcommittees under authority of H. Res. 304: Subcommittee on Manpower Utilization and Departmental Personnel Management (Rep. Davis, Ga., Chairman), and Subcommittee on Civil Service Commission and Personnel Programs (Rep. Morrison, Chairman) (p. D796).
- A subcommittee of the Judiciary Committee ordered reported to the full committee claims of Federal employees for the recovery of fees, salaries, or compensation (p. D796).
27. **PROPERTY.** The Government Operations Committee reported without amendment H. R. 6182, to make temporary provision for making payments in lieu of taxes with respect to certain real property transferred by the Reconstruction Finance Corporation and its subsidiaries to other Government departments (H. Rept. 1453) (p. 10132).
- The Government Operations Committee reported with amendment H. R. 7227, to authorize the disposal of surplus property for civil defense purposes, and to provide that certain Federal surplus property be disposed of to State and local civil defense organizations which are established by or pursuant to State law (H. Rept. 1455) (p. 10133).
28. **MINIMUM WAGE.** The conferees on S. 2168, to amend the Fair Labor Standards Act of 1938 so as to provide for an increase to \$1 of the minimum wage provisions, agreed to file a conference report (p. D797).
29. **RECLAMATION; ELECTRIFICATION.** The Public Works Committee reported with amendment H. R. 7195, to provide for the reconveyance of lands in certain reservoir projects in Texas to the former owners (H. Rept. 1461) (p. 10133).
- The Interior and Insular Affairs Committee reported without amendment H. R. 1603, to terminate the prohibition against employment of Mongolian labor in the construction of reclamation projects (H. Rept. 1502) (p. 10134).
- The Aspinall subcommittee of the Interior and Insular Affairs Committee approved for reporting to the full committee H. R. 4719, to authorize construction and maintenance of the Hells Canyon Dam (p. D795).
30. **MINERALS.** The Interior and Insular Affairs Committee reported with amendments H. R. 6994, to provide for entry and location, on discovery of a valuable source material upon public lands of the U. S. classified as or known to be valuable for coal (H. Rept. 1478) (p. 10133).
31. **LEGISLATIVE PROGRAM.** The Majority Leader scheduled consideration of H. R. 6455, the natural gas bill, for July 28. When questioned about House adjournment, the Majority Leader replied, "I would say we can reasonably expect to do so (adjourn) by next Tuesday or Wednesday. That would be my best guess." (p. 10124.)

INSPECTION OF AGRICULTURAL COMMODITIES— PENALTIES

JULY 27, 1955.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany S. 1757]

The Committee on Agriculture, to whom was referred the bill (S. 1757) to amend the act known as the Agricultural Marketing Act of 1946, approved August 14, 1946, having considered the same, report favorably thereon with an amendment and recommend that the bill do pass.

The amendment is as follows:

Beginning on page 1, line 6, after the colon, strike out the remainder of section 1 and insert the following:

Whoever knowingly shall falsely make, issue, alter, forge, or counterfeit any official certificate, memorandum, mark, or other identification, or device for making such mark or identification, with respect to inspection, class, grade, quality, size, quantity, or condition, issued or authorized under this section, or knowingly cause or procure, or aid, assist in, or be a party to, such false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true, or cause to be uttered, published, or used as true, any such falsely made, altered, forged, or counterfeited official certificate, memorandum, mark, identification, or device, or whoever knowingly represents that an agricultural product has been officially inspected or graded (by an authorized inspector or grader) under the authority of this section when such commodity has in fact not been so graded or inspected shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

STATEMENT

This bill was requested by the Department of Agriculture to (1) remove any question which may have resulted from a change in appropriation language as to the applicability of penalties for forgery of inspection certificates covering agricultural commodities, and (2) expand and tighten provisions for such penalties.

A provision of the Perishable Agricultural Commodities Act of 1930 provides for a fine or imprisonment, or both, for forgery, alteration, or other misuse of inspection certificates issued under that act or under any act making appropriations for the Department of Agriculture (7 U. S. C. 499n (b)). In fiscal year 1954 and prior years the annual agricultural appropriation acts authorized the inspection and grading of agricultural commodities and the issuance of appropriate certificates therefor. Similar authority was also provided in the Agricultural Marketing Act of 1946. The 1955 and 1956 appropriation acts no longer refer to the issuance of certificates for inspection and grading services. Such certificates are now issued under the authority of the Agricultural Act of 1946, which contains no penalty provision such as that in the Perishable Agricultural Commodities Act. To clarify this matter and to insure continuation of protection for all inspection certificates, new legislation is needed. It is desirable to amend the Agricultural Marketing Act rather than the Perishable Agricultural Commodities Act since the basic provisions of the latter act are applicable only to fresh and frozen fruits and vegetables, while the safeguards for official certificates, memoranda, marks, and grade designations should apply to all commodities.

The penalty provision which would be added to the Agricultural Marketing Act of 1946 by S. 1757 is more inclusive and stricter and affords greater protection to the inspection service than the penalty provision of the Perishable Agricultural Commodities Act. It covers violations of such regulations as may be issued to govern the use of inspection certificates, memorandums, marks, identifications, and devices. It is applicable to memorandums, marks, identifications, e. g., United States standards, and devices, such as meat-grading stamps, as well as inspection certificates. It covers the possession and use, as well as publication or utterance of false material or devices. It omits the requirement of the Perishable Agricultural Commodities Act that the act be done "for a fraudulent purpose." It covers false or deceptive representations in connection with any United States standard or inspection, grading, or certification service issued or authorized under the act. It increases the maximum fine from \$500 to \$1,000. The Senate bill would also repeal the farm products inspection clause and the provisions of the Produce Agency Act which also provide for the inspection of agricultural commodities.

COMMITTEE AMENDMENT

After the passage of the bill by the Senate, some representatives of industry voiced objection to the scope of the bill, contending that the inspection and grading service could be adequately protected by legislation less general and comprehensive. Consultations were had with officials of the Department of Agriculture who testified before this committee that certain modifications of S. 1757 suggested by industry representatives would be agreeable to the Department.

These suggestions would amend S. 1757 in the following respects:

(1) Delete the criminal penalty for violations of regulations. It is believed that other provisions of the bill are broad enough to obviate the need for criminal sanctions for violations of regulations. It is recognized, however, that regulations are necessary to specify the

certificates, memorandums, marks, identifications, or devices which are to be considered official.

(2) Restrict the provisions for false or deceptive representations to a representation that an agricultural product has been officially inspected or graded when such commodity has in fact not been so inspected or graded. This latter type of misrepresentation has caused considerable difficulty in the past. Other important types of misrepresentation are covered by the provisions dealing with the publication, utterance, or use of false material.

(3) Insert the term "knowingly" to make clear that inadvertent or innocent violations are not to be prosecuted. It is not intended, however, that fraudulent purpose is to be an element of the crime.

(4) Insert the term "official" to describe the type of material which will be the subject matter of violations.

The committee is informed that these amendments to S. 1757 will adequately protect the inspection service and official certificates, memorandums, marks, identifications, United States standards, and devices used in connection therewith. The committee has, therefore, adopted these amendments and recommends favorable consideration of this bill (S. 1757) as amended.

The letter from the Department of Agriculture requesting this legislation is attached.

APRIL 13, 1955.

HON. SAM RAYBURN,
Speaker, House of Representatives.

DEAR MR. SPEAKER: There is transmitted herewith for consideration by the Congress proposed legislation to amend the Agricultural Marketing Act of 1946. The amendment provides additional safeguards against forgery or alteration of inspection certificates, unauthorized use of official grade marks or designations, and false or deceptive reference to United States grade standards or services.

Under existing legislation a provision of the Perishable Agricultural Commodities Act of 1930 provides for a fine or imprisonment, or both, for forgery, alteration or other misuse of inspection certificates issued under that act or under any act making appropriations for the Department of Agriculture (7 U. S. C. 499n (b)). This is the only statute protecting the integrity of such certificates issued by the Department or by Federal-State permissive inspection or grading services for meat, dairy, poultry, fruits, vegetables, and related products. In the fiscal year 1954 and prior years the annual agricultural appropriation acts authorized the inspection and grading of agricultural commodities and the issuance of appropriate certificates therefor. Similar authority for such inspection and grading services was also provided in the Agriculture Marketing Act of 1946. In the interest of simplifying the appropriation language by eliminating therefrom language for which there was adequate authority in other acts, the 1955 appropriation no longer refers to the issuance of certificates for inspection and grading services. Such certificates are issued under authority of the Agricultural Marketing Act of 1946, which does not contain a penalty provision such as that in the Perishable Agricultural Commodities Act. To clarify this matter, particularly since a criminal penalty is involved, and to assure continuation of this protection for all inspection certificates, this proposed legislation is needed. It is desirable to amend the Agricultural Marketing Act rather than the Perishable Agricultural Commodities Act since the basic provisions of the latter act are applicable only to to fresh and frozen fruits and vegetables, while this safeguard for official certificates applies to all commodities.

It is proposed that the statute be further amended to prohibit the unauthorized use of official grade marks or designations and the making of false or deceptive references to United States grade standards or inspection services. Inspection or grading for quality by the USDA is an integral part of the marketing function for many of these important agricultural products. False, deceptive, or unauthorized marks or claims concerning the United States grades or the Government inspection relating thereto are detrimental to the best interests of the producer, distributors, and consumers. At present the Department has no direct protection for itself or for the public against such practices.

The amendment includes the imposition of a fine not to exceed \$1,000 for violation of the act. This is consistent with provisions of other laws under which the inspection and grading of agricultural commodities are authorized.

Additional funds, if any, required for the administration of the act by reason of the enactment of this statute would be small and would depend on the regulations issued governing the use of official grade marks.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this proposed legislation.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

AGRICULTURAL MARKETING ACT OF 1946

* * * * *
SEC. 203. The Secretary of Agriculture is directed and authorized:
* * * * *

(h) To inspect, certify, and identify the class, quality, quantity, and condition of agricultural products when shipped or received in interstate commerce, under such rules and regulations as the Secretary of Agriculture may prescribe, including assessment and collection of such fees as will be reasonable and as nearly as may be to cover the cost of the service rendered, to the end that agricultural products may be marketed to the best advantage, that trading may be facilitated, and that consumers may be able to obtain the quality product which they desire, except that no person shall be required to use the service authorized by this subsection. Any official certificate issued under the authority of this subsection shall be received by all officers and all courts of the United States as prima facie evidence of the truth of the statements therein contained. *Whoever knowingly shall falsely make, issue, alter, forge, or counterfeit any official certificate, memorandum, mark, or other identification, or device for making such mark or identification, with respect to inspection, class, grade, quality, size, quantity, or condition, issued or authorized under this section, or knowingly cause or procure, or aid, assist in, or be a party to, such false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true, or cause to be uttered, published, or used as true, any such falsely made, altered, forged, or counterfeited official certificate, memorandum, mark, identification, or device, or whoever knowingly represents that an agricultural product has been officially inspected or graded (by an authorized inspector or grader) under the authority of this section when such commodity has in fact not been so graded or inspected shall be fined not more than \$1,000 or imprisoned not more than one year, or both.*

(7 U. S. C. 414)

§ 414. Investigation and certification of condition, etc., of any agricultural commodity or food product offered for interstate shipment

[Investigations and certifications are authorized, in one or more jurisdictions, to shippers and other interested parties the class, quality, and condition of any agricultural commodity or food product, whether raw or processed, and any product containing an agricultural commodity or derivative thereof when offered for interstate shipment or when received at such important central markets as the Secretary may from time to time designate, or at points which may be conveniently reached therefrom under such rules and regulations as he may prescribe, including the collection of such fees as are reasonable and as nearly as may cover the cost of the service rendered.]

(7 U. S. C. 492)

§ 492. Investigation of quality and condition of produce received in interstate commerce; issuance of certificate; certificate as evidence

【The Secretary of Agriculture shall by regulation provide for the making of prompt investigations and the issuing of certificates as to the quality and condition of produce received in interstate commerce or in the District of Columbia, upon application of any person, firm, association, or corporation shipping, receiving, or financially interested in, such produce. Such regulations shall designate the classes of persons qualified and authorized to make such investigations and issue such certificates, except that any such investigation shall be made and any such certificate shall be issued by at least two disinterested persons in any case where such investigation is not made by an officer or employee of the Department of Agriculture or of any State or political subdivision thereof or of the District of Columbia. A certificate made in compliance with such regulations shall be prima facie evidence in all Federal courts of the truth of the statements therein contained as to the quality and condition of the produce; but if any such certificate is put in evidence by any party, in any civil or criminal proceeding, the opposite party shall be permitted to cross-examine any person signing such certificate, called as a witness at the instance of either party, as to his qualifications and authority and as to the truth of the statements contained in such certificate.】

O

84TH CONGRESS
1ST SESSION

S. 1757

[Report No. 1463]

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1955

Referred to the Committee on Agriculture

JULY 27, 1955

Reported with an amendment, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend the Act known as the "Agricultural Marketing Act of
1946", approved August 14, 1946

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That subsection (h) of section 203 of the Agricultural Mar-
4 keting Act of 1946 (7 U. S. C. 1622 (h)) is hereby
5 amended by adding at the end thereof the following new
6 sentence: ~~"Whoever shall violate any provision of any regu-~~
7 ~~lation promulgated by the Secretary of Agriculture to govern~~
8 ~~the possession or use of certificates, memoranda, marks, or~~
9 ~~other identifications with respect to inspection, class, grade,~~
10 ~~quality, size, quantity or condition, or devices for making~~

1 such marks or identifications, issued or authorized under this
2 Act, or falsely make, issue, alter, forge, or counterfeit any
3 such certificate, memorandum, mark, identification, or device,
4 or knowingly cause or procure, or aid, assist in, or be a party
5 to, such violation, false making, issuing, altering, forging, or
6 counterfeiting, or whoever knowingly shall possess without
7 promptly notifying the Secretary of Agriculture or his rep-
8 resentative, utter, publish, or use as true or cause to be
9 uttered, published, or used as true any such false, altered,
10 forged, or counterfeited certificate, memorandum, mark,
11 identification, or device, or in any manner make any false
12 or deceptive representation in connection with any United
13 States standard or inspection, grading, or certification service
14 issued or authorized under this Act shall be fined not more
15 than \$1,000 or imprisoned not more than one year, or both
16 “Whoever knowingly shall falsely make, issue, alter, forge,
17 or counterfeit any official certificate, memorandum, mark, or
18 other identification, or device for making such mark or iden-
19 tification, with respect to inspection, class, grade, quality, size,
20 quantity, or condition, issued or authorized under this section,
21 or knowingly cause or procure, or aid, assist in, or be a party
22 to, such false making, issuing, altering, forging, or counter-
23 feiting, or whoever knowingly shall possess, without promptly
24 notifying the Secretary of Agriculture or his representative,
25 utter, publish, or use as true, or cause to be uttered, published,

1 *or used as true, any such falsely made, altered, forged, or*
2 *counterfeited official certificate, memorandum, mark, identifi-*
3 *cation, or device, or whoever knowingly represents that an*
4 *agricultural product has been officially inspected or graded*
5 *(by an authorized inspector or grader) under the authority*
6 *of this section when such commodity has in fact not been so*
7 *graded or inspected shall be fined not more than \$1,000 or*
8 *imprisoned not more than one year, or both."*

9 SEC. 2. The farm produce inspection clause contained
10 in various appropriation Acts (7 U. S. C. 414) and the
11 second, third, and fourth sentences of section 1 of the Produce
12 Agency Act of March 3, 1927 (7 U. S. C. 492) are hereby
13 repealed.

Passed the Senate June 17 (legislative day, June 14),
1955.

Attest:

FELTON M. JOHNSTON,

Secretary.

84TH CONGRESS
1ST SESSION

S. 1757

[Report No. 1463]

AN ACT

To amend the Act known as the "Agricultural Marketing Act of 1946", approved August 14, 1946.

JUNE 20, 1955

Referred to the Committee on Agriculture

JULY 27, 1955

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

38. INTERGOVERNMENTAL RELATIONS. Sen. Butler inserted a newspaper article favoring Federal collaboration with State and local governments (p. A5627).
39. COOPERATIVES; TAXATION. Rep. Cooper inserted a letter from the Secretary of the Treasury suggesting that the legislation on income taxation of cooperatives be tightened (pp. A5632-3).
40. ELECTRIFICATION. Sen. Bender inserted an address by J. B. Black favoring a Government-private "partnership" in the power development of the West (pp. A5636-8).

BILLS INTRODUCED - July 29

41. CLAIMS; APPROPRIATIONS. S. 2678, by Sen. Smith, N. J., "relating to the payment of certain claims against the Government where the appropriations therefor have lapsed"; to Government Operations Committee (p. 10341). Remarks of author (pp. 10341-2).
42. MARKETING. S. 2634, by Sen. Ellender, "to facilitate the marketing of agricultural commodities"; to Agriculture and Forestry Committee (p. 10341).
43. ACCOUNTING. S. 2677, by Sen. Smith, N. J., "to relieve certain officers of financial liability except in cases of gross negligence or fraud"; to Government Operations Committee (p. 10341). Remarks of author (pp. 10341-2).
44. ROADS. H. R. 7729, by Rep. Dempsey, to authorize road appropriations; to Public Works Committee (p. 10466).
45. LAND TRANSFER. H. R. 7723, to authorize the Secretary of Agriculture to convey certain lands in Phelps County, Mo., to the Chamber of Commerce of Rolla, Mo.; to Agriculture Committee (p. 10466).
46. CONSERVATION. H. J. Res. 415-425, to provide for observance of the 50th anniversary of the founding of the conservation movement for natural resources; to Judiciary Committee (p. 10467).
47. PERSONNEL. H. J. Res. 426, by Rep. Moss, to authorize the President to proclaim as Civil Service Week the week beginning Jan. 17, 1956, in commemoration of the 73rd anniversary of the American civil-service system; to Judiciary Committee (p. 10467).

HOUSE - July 30

48. SOIL CONSERVATION. Passed without amendment S. 1167, to permit ACP payments to persons who carry out conservation practices on federally owned noncropland which directly conserve or benefit nearby or adjoining private lands of such persons (p. 10589). This bill will now be sent to the President.
Passed without amendment H. R. 7236, to permit approval of water conservation practices under ACP in any State instead of "in arid or semiarid sections" (p. 10592).
49. MARKETING. Passed with amendments H. R. 5337, to amend the Perishable Agricultural Commodities Act so as to strengthen the provisions relating to misbranding or misrepresentation of grade and origin of fresh fruits and vegetables, increase the maximum annual license fee from the present \$15 per year to \$25, permit the Secretary of Agriculture to deny issuance of a license to any person convicted of a felony in any State or Federal court, authorize the Secretary to

July 30, 1955

⁶
House

deny a license to any applicant who has been involved in bankruptcy proceedings within 3 years unless the applicant furnishes a bond or other assurance, empower the Secretary to suspend the license of a person who employs in any responsible position an individual whose license is under suspension, and provide authority for the inspection of any perishable commodity covered by the Act (pp. 10590-1).

Passed as reported S. 1757, to amend the Agricultural Marketing Act of 1946 so as to remove any question which may have resulted from a change in appropriation language as to the applicability of penalties for forgery of inspection certificates covering agricultural commodities, and to expand and tighten provisions for such penalties (p. 10607).

The Agriculture Committee reported without amendment H. R. 4054, to provide for loans for development of central market facilities to handle perishable agricultural commodities (H. Rept. 1602)(p. 10677).

50. FARM LOANS. Passed without amendment S. 1758, to amend the Bankhead-Jones Farm Tenant Act relating to the insurance of farm real estate mortgages so the mortgages can be made directly to the Government instead of to the banks (pp. 10593-4). This bill will now be sent to the President.

Passed as reported S. 1621, to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed under or subject to the Wheeler-Case Act of 1939 (p. 10655).

51. RESEARCH. Passed as reported S. 1759, to consolidate authorization legislation regarding Federal aid to State agricultural experiment stations (pp. 10594-6).

52. COMMODITY EXCHANGES. Passed without amendment S. 1051, to amend the Commodity Exchange Act so as to authorize increases in fees and charges for registrations and renewals and for copies of registration certificates (p. 10601). This bill will now be sent to the President.

53. TRADE DEVELOPMENT. Passed without amendment S. 2253, to reemphasize trade development as the primary purpose of title I of Public Law 480, 83d Congress; to increase the funds available under that title from \$700 million to \$1.5 billion; and to authorize the Secretary of Agriculture to determine the nations with whom agreements will be negotiated, and the quantities and commodities involved (pp. 10601-2). This bill will now be sent to the President.

54. EXTENSION WORK. Passed as reported S. 2098, to authorize special appropriations for extension work among low-income farmers (pp. 10612-13).

55. DEFENSE PRODUCTION. Passed with amendment S. 2391, to amend and extend the Defense Production Act. Several amendments, to prohibit without-compensation employees, were rejected. House and Senate conferees were appointed. (pp. 10620-30, 10774-5).

56. SUGAR. Passed, 194 to 44, with amendments H. R. 7030, to amend and extend the Sugar Act of 1948 (pp. 10630-51). Agreed, 123-37, to an amendment by Rep. Dixon to strike out Sec. 20 of the committee version, which provides that sugar shall be supported at 90% of parity through loans, purchases, or other operations (pp. 10645-51). Agreed to an amendment by Rep. Laird to strike out provisions directed at Peru and the Philippines (pp. 10644-5).

57. SUPPLEMENTAL APPROPRIATION BILL, 1956. Both Houses agreed to the conference report on this bill, H. R. 7278, and acted upon amendments in disagreement (pp. 10554-9, 10733-5). This bill will now be sent to the President. A statement on the USDA items is attached to this Digest.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 352 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the period at the end of the first sentence thereof and inserting "": *Provided, however,* That for 1956 no national acreage allotment shall be established which is less than 85 percent of the final allotment established for the immediately preceding year."

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider and a similar House bill (H. R. 7367) were laid on the table.

INSPECTION OF AGRICULTURAL COMMODITIES—PENALTY

The Clerk called the bill (S. 1757) to amend the act known as the Agricultural Marketing Act of 1946, approved August 14, 1946.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That subsection (h) of section 203 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1622 (h)) is hereby amended by adding at the end thereof the following new sentence: "Whoever shall violate any provision of any regulation promulgated by the Secretary of Agriculture to govern the possession or use of certificates, memoranda, marks, or other identifications with respect to inspection, class, grade, quality, size, quantity, or condition, or devices for making such marks or identifications, issued, or authorized under this act, or falsely make, issue, alter, forge, or counterfeit any such certificate, memorandum, mark, identification, or device, or knowingly cause or procure, or aid, assist in, or be a party to, such violation, false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true or cause to be uttered, published, or used as true any such false, altered, forged, or counterfeited certificate, memorandum, mark, identification, or device, or in any manner make any false or deceptive representation in connection with any United States standard or inspection, grading, or certification service issued or authorized under this act shall be fined not more than \$1,000 or imprisoned not more than 1 year, or both.

SEC. 2. The farm produce inspection clause contained in various appropriation acts (7 U. S. C. 414) and the second, third, and fourth sentences of section 1 of the Produce Agency Act of March 3, 1927 (7 U. S. C. 492) are hereby repealed.

With the following committee amendment:

Beginning on page 1, line 6, after the colon, strike out the remainder of section 1 and insert the following: "Whoever knowingly shall falsely make, issue, alter, forge, or counterfeit any official certificate, memorandum, mark, or other identification, or device for making such mark or identification, with respect to inspection, class, grade, quality, size, quantity, or condition, issued or authorized under this section, or knowingly cause or procure, or aid, assist in, or be a party to, such false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true, or cause to be uttered, published, or used as true, any such falsely made, altered, forged, or counterfeited official certificate, memorandum, mark, identification, or device, or whoever knowingly represents that an agri-

cultural product has been officially inspected or graded (by an authorized inspector or grader) under the authority of this section when such commodity has in fact not been so graded or inspected shall be fined not more than \$1,000 or imprisoned not more than 1 year, or both."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVEYANCE TO LAKE COUNTY, CALIF., OF LOWER LAKE RANCHERIA

The Clerk called the bill (H. R. 585) to authorize the conveyance to Lake County, Calif., of the Lower Lake Rancheria.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized to sell to the county of Lake, Calif., for the purpose of establishing an airport, all right, title, and interest of the United States in and to real property described as south half northeast quarter, and lot 2, section 34, township 13 north, range 7 west, Mount Diablo meridian, containing 140.46 acres, known as the Lower Lake Rancheria, except for a 41-acre tract described in section 2. The deed shall be made from the Secretary of the Interior to the Lake County Board of Supervisors, and the purchase price shall be the fair market value of such property at the time of sale as determined by the Secretary of the Interior. The purchase price shall be placed in a special account in the Treasury known as the California Indians 4 percent judgment fund.

SEC. 2. The Secretary of the Interior is authorized and directed to issue a patent in fee or an unrestricted deed of conveyance to Harry Johnson for the following-described land, to wit: Beginning at a point on the east line of lot 2, of section 34, township 13 north, range 7 west, Mount Diablo base and meridian, that is north 48 degrees 21 minutes 45.5 seconds west, 2,561.46 feet from the southeast corner of section 34, said township and range; and from said point of beginning running thence north 48 degrees 17 minutes 30 seconds west, 1,714.81 feet to a point on the west line of lot 2, of said section 34, that is north 48 degrees 19 minutes 42.2 seconds west, 5,141.47 feet from the southeast corner of said section 34; thence south, along the west line of lot 2 of said section 34 to the meander line of Clear Lake; thence southeasterly, along said meander line of Clear Lake, to the east line of lot 2, said section 34; and thence north, along the east line of lot 2, said section 34, to the point of beginning, containing 41 acres more or less.

With the following committee amendments:

Page 2, line 4, strike out the sentence: "The purchase price shall be placed in a special account in the Treasury known as the California Indians 4 percent judgment fund" and insert in lieu thereof the sentence: "The proceeds of the sale shall be deposited in the Treasury of the United States to the credit of the Indians of California in their 4 percent judgment fund established under section 6 of the act of May 18, 1928 (ch. 623, 45 Stat. 601, 603)."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title of the bill was amended to read:

A bill to authorize the conveyance to Lake County, Calif., of the Lower Lake Rancheria, and for other purposes.

A motion to reconsider was laid on the table.

CONVEYANCE TO STATE OF NORTH DAKOTA SITE OF ORIGINAL SITTING BULL BURIAL

The Clerk called the bill (H. R. 7284) to provide for the conveyance to the State of North Dakota for use as a State historic site of the land where Chief Sitting Bull was originally buried.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. Speaker, I ask unanimous consent that the bill (S. 535) to provide for the conveyance to the State of North Dakota, for use as a State historic site, of the land where Chief Sitting Bull was originally buried, may be substituted in lieu of the House bill.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to convey to the State of North Dakota for use as a State historic site all right, title, and interest, except as provided in section 2, of the United States and the Standing Rock Sioux Tribe of Indians to that parcel of land within the Standing Rock Reservation, N. Dak., which is the site where Chief Sitting Bull was originally buried and is more particularly described as follows: The southeast quarter of the southeast quarter of the southwest quarter of the southeast quarter, and the southwest quarter of the southwest quarter of the southeast quarter of the southeast quarter of section 12, township 130 north, range 80 west, fifth principal meridian, consisting of 5 acres more or less.

SEC. 2. The conveyance authorized by this act shall—

(a) exclude conveyance of any rights to oil, gas, or other mineral deposits in the land conveyed, but the development of any such mineral deposits, which would in any manner interfere with the use of such land as a State historic site, shall not be permitted so long as such land is so used; and

(b) be subject to the condition that in the event the land conveyed should cease to be used as a State historic site title to such land shall revert to the United States to be held in the same manner it was held prior to such conveyance.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider and a similar House bill (H. R. 7284) were laid on the table.

TRANSFER OF TITLE TO CERTAIN LAND TO THE PUEBLO OF SAN LORENZO, NEW MEXICO

The Clerk called the bill (H. R. 6625) to provide for the transfer of title to certain land and the improvements thereon to the Pueblo of San Lorenzo

(Pueblo of Picuris), in New Mexico, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to transfer by deed to the Pueblo of San Lorenzo (Pueblo of Picuris), in New Mexico, title to certain tracts of land, together with the improvements thereon, situate, lying, and being within the Pueblo of Picuris Grant heretofore confirmed to the said Pueblo of Picuris by the act of December 22, 1858 (11 Stat. 374), and situate in section 30, township 23 north, range 12 east, New Mexico principal meridian, within the county of Taos and State of New Mexico, and more particularly described as follows:

PARCEL NUMBERED 1

Beginning at the northwest corner of parcel numbered 4, hereinbelow described, which point is located north 23 degrees 30 minutes east, 119.8 feet from a United States Land Office stake marked No. 8, and north 51 degrees 7 minutes east, 1,733.7 feet from the west quarter corner of section 30, township 23 north, range 12 east, New Mexico principal meridian; thence north 22 degrees 00 minutes east 32 feet to a stake; thence south 75 degrees 00 minutes east 186 feet to a stake; thence south 65 degrees 00 minutes east 42 feet; thence south 29 degrees 00 minutes west 44 feet; thence north 67 degrees 00 minutes west 218 feet to the point of beginning, containing 0.19 acre more or less.

PARCEL NUMBERED 2

Beginning at a point in the north line of parcel numbered 1 which also marks the southeast corner of parcel numbered 3 and is located north 55 degrees 15 minutes east, 1,876.5 feet from the west quarter corner of section 30, township 23 north, range 12 east, New Mexico principal meridian; thence north 24 degrees 00 minutes east 62 feet to a stake; thence north 77 degrees 00 minutes east 63 feet to a stake; thence south 29 degrees 00 minutes west 99.5 feet; thence north 65 degrees 00 minutes west 42 feet to the point of beginning, containing 0.08 acre more or less.

PARCEL NUMBERED 3

Beginning at the northwest corner of parcel numbered 1 which point is located north 22 degrees 00 minutes east 32 feet from the northwest corner of parcel numbered 4 and north 50 degrees 38 minutes east 1,762.1 feet from the west quarter corner of section 30, township 23 north, range 12 east, New Mexico principal meridian; thence north 22 degrees 00 minutes east 157.8 feet; thence south 78 degrees 00 minutes east 255.5 feet; thence south 20 degrees 30 minutes west 91.8 feet; thence south 77 degrees 00 minutes west 63 feet to a stake; thence south 24 degrees 00 minutes west 62 feet to a stake; thence north 75 degrees 00 minutes west 186 feet to the point of beginning, containing 0.87 acre more or less.

PARCEL NUMBERED 4

Beginning at the southwest corner whence the northwest corner of section 30, township 23 north, range 12 east, New Mexico principal meridian, bears north 40 degrees 11 minutes west 2,012 feet; thence south 69 degrees 45 minutes east 228 feet to corner No. 2, which is the southeast corner; thence north 23 degrees 32 minutes east 120 feet to corner No. 3, which is the northeast corner; thence south 69 degrees 45 minutes west 228 feet to corner No. 4; thence south 23 degrees 32 minutes west 120 feet to corner No. 1, the place of beginning, containing 0.63 acre.

SEC. 2. Such deed shall vest in the said pueblo a title of the same nature and character as that which the said pueblo had before the United States acquired title to the premises and said land shall thereafter be

subject to all the laws of the United States applicable to the lands of the said pueblo.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING SECRETARY OF THE INTERIOR TO EXECUTE A CERTAIN CONTRACT WITH THE TOSTON IRRIGATION DISTRICT (MONTANA)

The Clerk called House Joint Resolution 353 to authorize the Secretary of the Interior to execute a certain contract with the Toston Irrigation District, Montana.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

There was no objection.

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that Senate Joint Resolution 82 be substituted in lieu of House Joint Resolution 353.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There being no objection, the Clerk read the Senate joint resolution, as follows:

Whereas there have been constructed certain irrigation distribution and pumping works for the Crow Creek pumping unit, Montana, as a part of the Missouri River Basin project (58 Stat. 887, 891); and

Whereas said works were constructed, pursuant to special provisions contained in the Interior Department Appropriation Acts, 1949 and 1950, to furnish new lands with irrigation water in substitution for irrigated lands in Broadwater County, Mont., inundated by the operation of the Canyon Ferry Reservoir at a maximum normal pool elevation above 3,766 feet; and

Whereas the Toston Irrigation District has been organized under the laws of the State of Montana for the purpose of entering into contractual arrangements with the United States; and

Whereas the said district will probably be unable for some time to pay to the United States more than the cost of operating and maintaining said works, exclusive of charges for electrical pumping energy; and

Whereas the Congress expects said district to make every reasonable effort to expand its boundaries and otherwise to put itself in such financial shape that, upon the expiration of not more than 10 years, it can assume its proper obligations under the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and acts amendatory thereof or supplementary thereto): Now, therefore, be it

Resolved, etc., That the Secretary of the Interior is authorized to execute a contract with Toston Irrigation District which provides, among other things, that—

(a) the district will pay to the United States each year the full cost to the Government of operating and maintaining the works of the Crow Creek pumping unit during that year, exclusive of the cost of electrical pumping energy, said payment to be made, as far as the cost can be forecast by the Secretary or his duly authorized delegate, in advance and in not more than two installments;

(b) the United States will deliver to the district, as far as conditions permit, water in sufficient quantity to furnish two acre-feet per irrigated acre, measured at the farm

turnouts, for use on the irrigable lands of the district;

(c) the district will, in addition to the amounts specified under (a) above, pay to the United States such sums as may be required to cover the cost, including the cost of electrical pumping energy, of furnishing more than two acre-feet per irrigated acre as hereinafter provided;

(d) the district acknowledges and will cause each landowner to whom water is delivered to acknowledge that the contract confers upon it and them no right to the continued operation and maintenance of said works beyond the period during which it is in force unless, prior to the expiration thereof, the district shall have entered into a long-term contract conforming to the provisions of the Federal reclamation laws and that no permanent right to the use of water arises, attaches to their lands, or is claimed to arise or attach to their lands by virtue of the delivery of water through said works or the application to their lands of such water;

(e) the district will comply fully with all provisions of the Federal reclamation laws which are not inconsistent with this act and the contract executed pursuant to the authority contained herein; and

(f) the contract shall, subject to the district's compliance with all of its terms and conditions, continue in force until December 31, 1955, and shall be renewed automatically for each of the nine succeeding calendar years unless either of the parties shall, on or before November 1 of any year, serve written notice of its intention that the contract shall not be renewed.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House resolution (H. J. Res. 353) was laid on the table.

ENTRY AND LOCATION, ON DISCOVERY OF A VALUABLE SOURCE MATERIAL, UPON PUBLIC LANDS OF THE UNITED STATES

The Clerk called the bill (H. R. 6994) to provide for entry and location, on discovery of a valuable source material, upon public lands of the United States classified as or known to be valuable for coal, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HINSHAW. Mr. Speaker, reserving the right to object, did I hear the term "valuable source material" used?

The SPEAKER. The Chair has not read all of this bill.

Mr. HINSHAW. Has this to do with uranium?

Mr. MILLER of Nebraska. Yes; it does.

Mr. HINSHAW. Should it not be referred to the Joint Committee on Atomic Energy?

Mr. MILLER of Nebraska. Mr. Speaker, it has to do with uranium. The bill was passed last year with an amendment. It has no place with the Atomic Energy Committee.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, subject to the conditions and provisions of this act and to any valid intervening rights acquired under the laws of the United States, public lands

Aug. 1, 1955

SENATE

17. FORESTS. Sen. Goldwater spoke in support of S. 55, to authorize the USDA to acquire certain forest lands from the Aztec Land & Cattle Co. He suggested that certain lobbying activities of the National Lumber Manufacturers Association were preventing favorable action on the bill by the House, and inserted several letters from interested parties supporting that contention (pp. 10844-6).
18. RESEARCH. Sen. Smith, W. J., inserted a newspaper article by Dr. A. T. Waterman commenting favorably on efforts by the Government and private industry to expand the educational facilities for students interested in science (pp. 10847-8).
19. BUDGET. Sen. Goldwater inserted a table detailing the budget surpluses and deficits of Congresses from 1946 to 1955 (pp. 10849-51).
20. SUGAR. Sen. Fulbright objected to consideration of H. R. 7030, the sugar bill, upon its second reading because it was believed that the importance of the bill would seem to warrant greater consideration than the closing hours of the session would permit. Sen. Thye rejoined that the legislation was needed for emergency matters (pp. 10851-2, 10877). Sen. Long served notice that he would ask for a suspension of the rules in the consideration of H. R. 7030, without reference of the bill to the Senate Finance Committee; and Sen. Douglas questioned the propriety of that procedure (pp. 10920-1). Sen. Long submitted an amendment to be proposed by him to H. R. 7030, and it was ordered to be printed (p. 10948).

The Finance Committee ordered favorably reported S. 1635, to amend and

 1. extend the Sugar Act of 1948, after striking all after the enacting clause and substituting the language of H. R. 7030, with the following changes: "The formula for future growth to be 55 percent for domestic and 45 percent for foreign; the foreign quota to be divided on basis of 60 percent to Cuba and 40 percent to be divided among full-duty countries proportionately on basis of their sales of sugar in U. S. market during last 4 years; benchmark to be 8,300,000 tons; and a 6-year extension in lieu of 4 years."
21. HOUSING. Received and agreed to the conference report on S. 2126, the housing bill (pp. 10906-11). The conferees agreed to continuation of the present farm-housing program through the fiscal year 1956, with \$112 million available for direct loans, to prevent defaults in payments on loans for potentially adequate farms and for the improvement and repair of farms.
22. FORESTRY CONSERVATION. Sen. Clements inserted the remarks of Sens. George and Magnuson on the practices of conservation by private industry, the U. S. Forest Service, and State agencies. Sen. Magnuson commended the activities of the Rayonier Corporation in the field of conservation and suggested that conservation should be construed to mean adequate and planned utilization of forests and forest products (pp. 10929-31).
23. ECONOMIC DEVELOPMENT. Sen. Watkins inserted two articles prepared by himself citing the achievements of the U. S. economy in the second quarter of 1955 (pp. 10938-41).
24. EXTENSION WORK. Concurred in the House amendment to S. 2098, to authorize special appropriations for extension work among low-income farmers (pp. 10883-4). This bill will now be sent to the President.

25. EXPERIMENT STATIONS. Concurred in House amendments to S. 1759, to consolidate authorization legislation regarding aid to State agricultural experiment stations (p. 10884). This bill will now be sent to the President.
26. MARKETING. Concurred in House amendments to S. 1757, to amend the Agricultural Marketing Act of 1946 so as to remove any question which may have resulted from a change in appropriation language as to the applicability of penalties for forgery of inspection certificates covering agricultural commodities, and to expand and tighten provisions for such penalties (p. 10884). This bill will now be sent to the President.
27. FARM LOANS. Concurred in House amendments to S. 1621, to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed under or subject to the Wheeler-Case Act of 1939 (p. 10882). This bill will now be sent to the President.
28. PERSONNEL. Received and agreed to the conference report on S. 1041, to provide for the inclusion in the computation of accredited service of certain periods of service rendered States (p. 10913). House and Senate conferees had been appointed earlier in the day (pp. 10877, 11005). The conferees agreed to the House amendments to the bill.
- Concurred in House amendments to S. 1849, to provide for the grant of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment (pp. 10882-3). This bill will now be sent to the President.
- Concurred in House amendments to S. 1792, to amend the Federal Employees Group Life Insurance Act of 1954 so as to authorize the assumption of the insurance obligations of any nonprofit association of Federal employees (p. 10882). This bill will now be sent to the President.
- Passed with amendment H. R. 7618, to increase the annuity benefits of retired Federal employees by 12% on the first \$1,500 and 8% thereafter up to \$4,000, with a gradual reduction in the increases until they end on Dec. 31, 1957 (pp. 10853, 10902, 10912, 10924-6).
- Agreed to the conference report on H. R. 4048, making recommendations to the States for legislation to permit and assist Federal personnel to vote (pp. 10899, 10901-5).

S. 2628, the executive pay bill, provides as follows as reported by the committee:

Provides specific salaries for various officials, including: Secretary of Agriculture, Director of Office of Defense Mobilization, and Director of the Budget, \$25,000; 2 Administrative Assistants to the President, and Comptroller General, \$22,500; Administrator of Veterans' Affairs, \$22,000; 3 Administrative Assistants to the President, Under Secretary of Agriculture, Administrator of General Services, Director of International Cooperation Administration, Administrator of Federal Civil Defense Administration, and Governor of FCA, \$21,000; Assistant Comptroller General, Deputy Director of Budget Bureau, Chairman of Civil Service Commission, and members of Council of Economic Advisers, \$20,500; 7 Administrative Assistants and staff assistants to the President, 3 Assistant Secretaries of Agriculture, Fiscal Assistant Secretary of the Treasury, members (other than chairman) of Civil Service Commission, Deputy Administrator of General Services, Archivist, Administrator of Production and Marketing Administration, Administrator of REA, Public Printer, Librarian of Congress, each Assistant Director of Budget Bureau (2), Director of National Science Foundation, and General Counsel (or other comparable officer) of a department when required to be appointed by the President, \$20,000; Commissioner of Federal Supply Service, Commissioner of Public Buildings Ser-

(1) on the effective date of this act is serving under an indefinite or temporary appointment in a position in the competitive civil service other than a position for which the salary is fixed by the Postal Field Service Compensation Act of 1955 (Public Law 68, 84th Cong.);

(2) on January 23, 1955, was serving in a position in the competitive civil service;

(3) from January 23, 1955, to the effective date of this act, served in a position or positions in the competitive civil service without break in service;

(4) (A) during the period beginning June 3, 1950, and ending January 23, 1955, passed a qualifying examination for a position in the competitive civil service in which he served during such period, or (B) within 1 year after the effective date of this act meets such noncompetitive examination standards as the United States Civil Service Commission shall prescribe with respect to the position which he holds at the time he makes the application prescribed by this section; and

(5) has completed, prior to making such application, a total of continuous or intermittent satisfactory service aggregating not less than 3 years on the rolls in a position or positions in the competitive civil service;

shall, upon application by such employee made within 1 year after the effective date of this act to the appropriate department, agency, or establishment concerned, and upon recommendation by such department, agency, or establishment, be converted to a career-conditional appointment or a career appointment determined by the appropriate United States Civil Service Commission regulations governing conversions to career-conditional or career appointments in accordance with Executive Order No. 10577, dated November 22, 1954.

SEC. 2. The appointment in the competitive civil service of each employee who—

(1) (A) was appointed on or after December 20, 1941, to a position in the workhouse at Occoquan in the State of Virginia, the reformatory at Lorton in the State of Virginia, or the Washington asylum and jail, (B) was appointed to a position in the Department of Corrections of the District of Columbia (as constituted on and after June 27, 1946) with a war service indefinite appointment, or (C) was appointed on or after June 27, 1946, and prior to January 1, 1955, to a position in such Department of Corrections, without regard to the civil-service laws, rules, and regulations;

(2) is in a position in the Department of Corrections of the District of Columbia on the effective date of this act;

(3) has completed, prior to making the application prescribed by this section, a total of continuous or intermittent satisfactory service aggregating not less than 3 years in a position or positions in the municipal government of the District of Columbia; and

(4) within 1 year after the effective date of this act meets such noncompetitive examination standards as the United States Civil Service Commission shall prescribe with respect to the position which he holds at the time he makes the application prescribed by this section;

shall, upon application by such employee made within 1 year after the effective date of this act to the appropriate department, agency, or establishment concerned, and upon recommendation by such department, agency, or establishment, be converted to a career-conditional appointment or a career appointment determined by the appropriate United States Civil Service Commission regulations governing conversions to career-conditional or career appointments in accordance with Executive Order No. 10577, dated November 22, 1954.

SEC. 3. Each individual who—

(1) was serving in a position in the competitive civil service under an indefinite appointment on January 23, 1955;

(2) between January 23, 1955, and the effective date of this act, was involuntarily separated from the competitive civil service for any reason other than for cause;

(3) (A) during the period beginning June 3, 1950, and ending January 23, 1955, passed a qualifying examination for a position in which he served during such period, or (B) within 1 year after the effective date of this act, meets such noncompetitive examination standards as the United States Civil Service Commission shall prescribe; and

(4) has completed, prior to reappointment under this section, a total of continuous or intermittent satisfactory service aggregating not less than 3 years on the rolls in a position or positions in the competitive civil service;

may, during the period ending 2 years after the effective date of this act, be reappointed without competitive examination to a position in the competitive civil service for which he is qualified and such reappointment (except reappointment to a position involving temporary job employment) shall be a career-conditional appointment or a career appointment determined by the appropriate United States Civil Service Commission regulations governing conversions to career-conditional or career appointments in accordance with Executive Order No. 10577, dated November 22, 1954.

SEC. 4. The United States Civil Service Commission is hereby authorized and directed to promulgate such rules and regulations as it determines to be necessary to carry out the provisions of this act.

SEC. 5. Nothing in this act shall affect, or be construed to affect, the application of section 1310 of the Supplemental Appropriation Act, 1952 (Public Law 253, 82d Cong.), as amended.

SEC. 6. This act shall take effect on the 90th day following the date of its enactment.

And to amend the title so as to read: "An act to provide for the granting of career-conditional and career appointments to certain qualified employees."

Mr. JOHNSTON of South Carolina. Mr. President, I move that the Senate agree to the amendments of the House of Representatives, which will make it possible for a somewhat larger number of Federal employees to obtain career status, than would have been possible under the bill as passed by the Senate. This extension of coverage is justified, and will remove the possibility of certain inequities which might have occurred under the Senate version of the bill.

Senators will remember that this question was discussed in the Senate during the debate on the bill. I have talked with the Senator from Kansas [Mr. CARLSON], and he agrees with this proposal, which I have also discussed with the majority and the minority, who also agree.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Carolina that the Senate concur in the amendments of the House.

The motion was agreed to.

AMENDMENT OF PUBLIC LAW 83, 83D CONGRESS

The PRESIDING OFFICER laid before the Senate the amendment of the House

of Representatives to the bill (S. 2098) to amend Public Law 83, 83d Congress, which was, to strike out all after the enacting clause and insert:

That the Smith-Lever Act, as amended (7 U. S. C. 341 and the following, supp. 1), is further amended as follows:

(a) By adding a new section, following section 7, to read as follows:

"SEC. 8. (a) The Congress finds that there exist special circumstances in certain agricultural areas which cause such areas to be at a disadvantage insofar as agricultural development is concerned, which circumstances include the following: (1) There is concentration of farm families on farms either too small or too unproductive, or both; (2) such farm operators because of limited productivity are unable to make adjustments and investments required to establish profitable operations; (3) the productive capacity of the existing farm unit does not permit profitable employment of available labor; (4) because of limited resources, many of these farm families are not able to make full use of current extension programs designed for families operating economic units nor are extension facilities adequate to provide the assistance needed to produce desirable results.

"(b) In order to further the purposes of section 2 in such areas and to encourage complementary development essential to the welfare of such areas, there are hereby authorized to be appropriated such sums as the Congress from time to time shall determine to be necessary for payments to the States, Alaska, Hawaii, and Puerto Rico on the basis of special needs in such areas as determined by the Secretary of Agriculture.

"(c) In determining that the area has such special need, the Secretary shall find that it has a substantial number of disadvantaged farms or farm families for one or more of the reasons heretofore enumerated. The Secretary shall make provisions for the assistance to be extended to include one or more of the following: (1) Intensive on-the-farm educational assistance to the farm family in appraising and resolving its problems; (2) assistance and counseling to local groups in appraising resources for capability of improvement in agriculture or introduction of industry designed to supplement farm income; (3) cooperation with other agencies and groups in furnishing all possible information as to existing employment opportunities, particularly to farm families having underemployed workers; and (4) in cases where the farm family, after analysis of its opportunities and existing resources, finds it advisable to seek a new farming venture, the providing of information, advice, and counsel in connection with making such change.

"(d) No more than 10 percent of the sum available under this section shall be allotted to any one State. The Secretary shall use project proposals and plans of work submitted by the State extension directors as a basis for determining the allocation of funds appropriated pursuant to this section.

"(e) Sums appropriated pursuant to this section shall be in addition to, and not in substitution for, appropriations otherwise available under this act. The amounts authorized to be appropriated pursuant to this section shall not exceed a sum in any year equal to 10 percent of sums otherwise appropriated pursuant to this act."

(b) By renumbering section 8 to read section 9.

Mr. ELLENDER. Mr. President, I move that the Senate concur in the amendment of the House.

The PRESIDING OFFICER. The question is on the motion of the Senator from Louisiana.

The motion was agreed to.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a brief explanation.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

HOUSE AMENDMENT TO S. 2098

The House amendment is a complete substitute for the Senate bill and was drafted and approved by the Department of Agriculture. The amendment outlines in substantial detail the purposes for which additional funds for the Extension Service are to be used for the aid of low-income farmers in special areas. The amendment limits the total amount of such additional funds to 10 percent of the funds otherwise appropriated for the Extension Service under the Smith-Lever Act, and also limits the amount going to any one State to 10 percent of the total amount of additional funds.

AMENDMENT OF AGRICULTURAL MARKETING ACT OF 1946

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1757) to amend the act known as the Agricultural Marketing Act of 1946, approved August 14, 1946, which was, on page 1, line 6, strike out all after "sentence:" over through line 14 on page 2, and insert: "Whoever knowingly shall falsely make, issue, alter, forge, or counterfeit any official certificate, memorandum, mark, or other identification, or device for making such mark or identification, with respect to inspection, class, grade, quality, size, quantity, or condition, issued or authorized under this section or knowingly cause or procure, or aid, assist in, or be a party to, such false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess, without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true, or cause to be uttered, published, or used as true, any such falsely made, altered, forged or counterfeited official certificate, memorandum, mark, identification, or device, or whoever knowingly represents that an agricultural product has been officially inspected or graded (by an authorized inspector or grader) under the authority of this section when such commodity has in fact not been so graded or inspected shall be fined not more than \$1,000 or imprisoned not more than 1 year, or both."

Mr. ELLENDER. Mr. President, I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a short statement with reference to the House amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

HOUSE AMENDMENT TO S. 1757

The House amendment would narrow the effect of several provisions of the bill to which the trade objected on the grounds that they were too broad. The purpose of

the bill is to strengthen the law providing penalties for the forgery of inspection certificates and certain other matters in connection with the inspection of agricultural commodities under the Agricultural Marketing Act of 1946. The House amendments would—

1. Strike the provision of the bill imposing penalties for violations of regulations of the Secretary, on the ground that the other provisions of the bill adequately protect the integrity of the inspection system and furnish a more definite guide to the trade,

2. Limit the provisions of the bill relating to false or deceptive representations to representations that a commodity has been officially graded, when it has not,

3. Provide that acts shall be violations only if done "knowingly," and

4. Limit to "official" certificates memoranda, marks, and other identification the type of material which will be the subject matter of violations.

The Department of Agriculture has no objection to the House amendment.

FUNDS FOR SUPPORT OF AGRICULTURAL EXPERIMENT STATIONS

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1759) to consolidate the Hatch Act of 1887 and laws supplementary thereto relating to the appropriation of Federal funds for the support of agricultural experiment stations in the States, Alaska, Hawaii, and Puerto Rico, which were, on page 5, after line 21, insert:

4. Not less than 20 percent of any sums appropriated pursuant to this subsection for distribution to States shall be used by State agricultural experiment stations for conducting marketing research projects approved by the Department of Agriculture.

And on page 5, line 22, strike out "4" and insert "5."

Mr. ELLENDER. Mr. President, I move that the Senate concur in the House amendments.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a brief explanation of the principal House amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

HOUSE AMENDMENT TO S. 1759

The only amendment made to the bill by the House is the insertion of a requirement that experiment stations continue to use 20 percent of their available appropriations for marketing research. Under the bill as it passed the Senate, the present requirement of law that 20 percent of each State's allotment be used for marketing research would have applied only up to the level of appropriations for the fiscal year 1955. Appropriations beyond that level would not have been subject to this requirement under the bill as it passed the Senate.

The amendment is satisfactory to the Department of Agriculture and the Association of Land-Grant Colleges and Universities does not object to it.

ACTIVITIES OF THE FOREIGN RELATIONS COMMITTEE

Mr. GEORGE. Mr. President, first of all, I wish to place in the RECORD a state-

ment regarding the activities of the Foreign Relations Committee of the United States Senate, for the 1st session of the 84th Congress.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WALTER F. GEORGE, CHAIRMAN, COMMITTEE ON FOREIGN RELATIONS

As the first session of this 84th Congress draws to a close, I want briefly to comment on the work of the Foreign Relations Committee in the field of United States foreign policy.

During this session we have had one of the heaviest foreign policy schedules that I have ever experienced. It has been a heavy schedule not only from the point of view of the number of items we have considered, but from the point of view of their importance to the security of this Nation.

Within 7 months the Senate has dealt with such matters in the Far East as the Southeast Asian Collective Defense Treaty, the Mutual Defense Treaty with the Republic of China, the Formosan Resolution, and the Mutual Security Act which was largely devoted to strengthening the defenses and the economies of that area.

In connection with strengthening Western Europe, during the same period of time we have approved the protocol restoring sovereignty to the Federal Republic of Germany, approved the protocol inviting the Federal Republic to join NATO, approved the Austrian State Treaty, and helped by the Mutual Security Act to encourage the development of the joint defense of Western Europe.

The United States Senate may well be proud of its role in foreign policy during this period. We have without exception acted on these matters of vital national interest without partisanship. We have, I believe, carried on the tradition that was established during the late war, namely, that there is no room for partisanship in the development and conduct of the foreign policy of our country. If we maintain this course in the years ahead, and I believe we will, we need have no fear for the future of freemen.

I want to pay high tribute to the members of the Committee on Foreign Relations. It is a great committee. Its members have been devoted in their attention to duty, they have unfailingly met their responsibilities to the Senate and to the Nation, and they have sustained the tradition of their great predecessors on that committee. I will not take the time of the Senate to comment individually on the work of each member of the committee. I want to record now, however, my deep appreciation to Senator ALEXANDER WILEY, of Wisconsin, and Senator ALEXANDER SMITH, of New Jersey, the two ranking Republicans on the committee.

I also wish to express my appreciation to the ranking Democratic member, Senator THEODORE FRANCIS GREEN, of Rhode Island, and to all the other members of the committee for the splendid cooperation they have given me throughout the session. We have conducted many hearings. We have held many meetings. Our schedule has called for many weeks of hard work, and I am grateful for the fine contribution which the committee and its staff have made.

In order that there may be readily available a summary of the work of the Committee on Foreign Relations and of the Senate during this session, I should like to insert in the RECORD at this point a brief review of the foreign-policy matters considered since we began our work in January.

TREATIES APPROVED

1. Southeast Asia Collective Defense Treaty (Ex. K, 83-2; Ex. Rept. 1, 84-1): This

Public Law 272 - 84th Congress
Chapter 632 - 1st Session
S. 1757

AN ACT

All 69 Stat. 553.

To amend the Act known as the "Agricultural Marketing Act of 1946", approved August 14, 1946.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (h) of section 203 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1622 (h)) is hereby amended by adding at the end thereof the following new sentence: "Whoever knowingly shall falsely make, issue, alter, forge, or counterfeit any official certificate, memorandum, mark, or other identification, or device for making such mark or identification, with respect to inspection, class, grade, quality, size, quantity, or condition, issued or authorized under this section or knowingly cause or procure, or aid, assist in, or be a party to, such false making, issuing, altering, forging, or counterfeiting, or whoever knowingly shall possess, without promptly notifying the Secretary of Agriculture or his representative, utter, publish, or use as true, or cause to be uttered, published, or used as true, any such falsely made, altered, forged, or counterfeited official certificate, memorandum, mark, identification, or device, or whoever knowingly represents that an agricultural product has been officially inspected or graded (by an authorized inspector or grader) under the authority of this section when such commodity has in fact not been so graded or inspected shall be fined not more than \$1,000 or imprisoned not more than one year, or both." ✓

Inspection
certifications.
60 Stat. 1088.

SEC. 2. The farm produce inspection clause contained in various appropriation Acts (7 U. S. C. 414) and the second, third, and fourth sentences of section 1 of the Produce Agency Act of March 3, 1927 (7 U. S. C. 492) are hereby repealed.

Repeals.
44 Stat. 1355.

Approved August 9, 1955.

